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PRC INTERNATIONAL AFFAIRS
GENERAL

A 1

U S. URGES WARSAW PACT ON POSITIVE FORCE REDUCTION

OW120041 Beijing XINHUA in English 0021 GMT 12 Jun 86

[Text] Washington, June 11 (XINHUA) -- The United States today urged Warsaw Pact countries to make "a positive, constructive response" to Western proposals for the reduction of conventional forces in Europe.

Commenting on the Warsaw Pact proposal on force reduction in Europe made public in Budapest, Hungary, today, State Department spokesman Bernard Kalb said that the United States "is fully prepared" to give serious consideration to any concrete arms control proposals that would increase stability and security in Europe. However, he said, since there exist "realistic possibilities" based on Western proposals for concrete progress toward increasing confidence and redressing the force imbalance in Europe, it is now up to the Warsaw Pact to address these problems seriously. Kalb said that today's proposal by the Warsaw Pact is an elaboration of Soviet leader Mikhail Gorbachev's remarks on April 18 before the 11th National Congress of the German Socialist Unity Party in Berlin.

Gorbachev proposed that the Soviet Union would make substantial cuts in its conventional forces in Europe if the United States and Canada followed suit.

The United States responded to the proposal at that time with caution. Defense Secretary Caspar Weinberger said the principal Soviet goal is "to get the United States out of Europe."

Kalb said that at their meeting in Halifax, Canada, late last month, NATO foreign ministers decided to set up a high-level task force on conventional arms control in Europe. The work of this particular task force will consider Gorbachev's April 18 statement and the proposal made by the Warsaw Pact today, he added.

RENMIN RIBAO EXAMINES THIRD WORLD DEVELOPMENT

HK041140 Beijing RENMIN RIBAO in Chinese 3 Jun 86 p 7

["World Affairs" column by Yang Rusheng: "A Country Prospers When Its People Are Rich"]

[Text] In the world today, people of all countries are immensely concerned with two issues: peace and development. They long for peace and prosperity and expect a stable and improved life. Peace is as important as development for the countries and people of the vast Third World. Following their political independence, the Asian, African, and Latin American countries can genuinely maintain independence only by developing their national economies.

The rise of the Asian, African, and Latin American countries of the Third World was a major historical event after World War II. More than a hundred countries that suffered long-term oppression and enslavement shook off the yoke of colonialism and won national independence, thus changing the outlook of the world and accelerating the progress of human history. We can say without exaggeration that the history of the 20th century is to a great extent the history of the Asian, African, and Latin American people.

Following their national independence, these countries were confronted with the arduous tasks of developing their national economies, building their countries, and improving the people's living standards. Several decades after the war, some countries have developed enormously, scored great achievements, and played an increasingly important role in the world economy. They carried out democratic reforms and adopted an effective economic development strategy in light of their national conditions. As a result, their economies developed rapidly and the people's living standards improved remarkably. However, it is also true that some other countries could not yet put an end to their backwardness and improve the people's living standard though they underwent twists and turns and difficult explorations.

The reasons for the slow economic development of the Third World countries are many. The plunder and exploitation of colonialism has weakened the economic foundation and lowered the level of production of the developing countries. The current unjust and unreasonable international economic order has seriously infringed upon the interests of the developing countries. Naturally, due to lack of experience, the Asian, African, and Latin American countries do not have a ready pattern to follow in their economic construction. They can only make explorations or mechanically copy the experience of other countries, which may lead to certain mistakes. This is also unavoidable. More and more Third World countries are now summing up their past experience and exploring a feasible way to develop their national economies. In light of their national conditions, they have readjusted the proportional relations between industry and agriculture, paid more attention to revitalizing and developing agriculture, increased grain production, corrected extremist policies, opened their economies to the outside world, reorganized the existing state-owned enterprises, encouraged private capital, drawn more foreign investment, made rational use of foreign aid, and developed regional cooperation. By carrying out these reforms, the economic situation of some countries took a favorable turn. Although the Asian, African, and Latin American countries are confronted with various economic difficulties, facts have proved that it is absolutely possible to accelerate the pace of economic development so long as they can find a practical path to make themselves strong.

In the course of economic development, it is impossible for all countries to follow a set rule or pattern. Generally speaking, policies based on making the people rich can achieve gratifying results. China also learned a lesson from this experience in the past. As the saying goes, "In order to rule a country, it is necessary to first make the people rich." This Chinese saying can be traced back to ancient times.

The purpose of revolution, including overthrowing colonial domination and striving for national independence and liberation, is to smash the old system that hampers the initiative of the people, emancipate the productive forces, bring the people's enthusiasm into full play, and let the people live in happiness. In order to rely on the people and enlist their support, we must be concerned about their weal and woe, gradually improve their living standard, and increase their income. Only by so doing will the people give full play to their initiative and creativity and plunge into the struggles to conquer and transform nature and create material and cultural wealth. Without the people's spirit of forging ahead, society would be deprived of vitality. Without the well being of the people, the prosperity of a country would be out of the question.

With a vast territory, abundant resources, and courageous and hardworking people, there are great potentials for the Third World countries in Asia, Africa, and Latin America to develop their economies. The development and prosperity of the Third World are full of promise.

WHITE HOUSE SAYS SALT II 'NO LONGER EXISTS'

OW130958 Beijing XINHUA in English 0938 GMT 13 Jun 86

["White House Declares SALT II Dead" -- XINHUA headline]

[Text] Washington, June 12 (XINHUA) -- The White House today corrected President Reagan's statement last night on the SALT II Treaty, declaring that the treaty "no longer exists." White House spokesman Larry Speakes said today that "the decision (to this effect) has been made." Yesterday, however, Reagan told a press conference that although he had determined that the United States would no longer be bound by the SALT II Treaty, there are several months left between now and the end of the year during which the Soviet Union still has "an opportunity" to show its willingness for arms reduction.

The only possible decision that could be made in the fall is how the United States should compensate for Soviet actions between now and the end of the year, Speakes said today. He added that if the Soviet behavior is improved, Reagan "may decide to take some other system out of service," but it will be based "on what the Soviets do on SALT."

Referring to the Soviet proposal on long-range missile reductions made yesterday in Geneva, the White House spokesman said the United States will give "serious study" to what he described as an "interesting offer."

XINHUA NOTES U.S. NUCLEAR TEST IN NEVADA

OW061024 Beijing XINHUA in English 0659 GMT 6 Jun 86

[Text] Washington, June 5 (XINHUA) -- The United States Thursday carried out an underground nuclear test at the Yucca Flat Test Site, Nevada, according to the energy department. The nuclear test, code-named Tajo, was detonated at 15:04 GMT with an explosive yield of between 20 and 150 kilotonnes of TNT. It was the fifth announced U.S. nuclear blast this year, and the 10th since the Soviet Union unilaterally declared a moratorium on nuclear testing in August 1985.

HAO JIANXIU MEETS U.S. WRITER IN BEIJING 4 MAY

OW041105 Beijing XINHUA in English 1041 GMT 4 Jun 86

[Text] Beijing, June 4 (XINHUA) -- Hao Jianxiu, member of the Secretariat of the Chinese Communist Party Central Committee, met here today an American woman writer and editor, Susan Witty. Hao Jianxiu briefed the American woman writer on the women's social position and role in China, and answered her questions about her personal experience and day-to-day work.

Susan Witty once wrote articles for many of the U.S. newspapers and magazines, and was editor and editor-in-chief of the "NEW YORK TIMES" weekly and of the "WORLD PRESS REVIEW". The American writer arrived in Beijing June 2 at the invitation of the International Culture Exchange Center in China (ICEC). She said her current visit to China aims at interviewing outstanding women of China to have an understanding of how they work and live. She was honored at a banquet yesterday by Lin Liyun, vice-chairperson of the ICEC council and vice-president of the All-China Women's Federation, and had an interview with Chinese woman writers Chen Rong and Chen Zufen.

IMPRESSIONS OF U.S. AVIATION INDUSTRY EXHIBITION

HK090959 Beijing GUOJI SHANGBAO in Chinese 29 May 86 p 3

[Article by Reporters Li Bida and Tian Bo: "Tremendous Potential for Sino-U.S. Cooperation in Aviation Industry -- Impressions of the U.S. Aviation Industry Exhibition"]

[Text] The U.S. aviation industry exhibition was held in Beijing from 15 to 21 May. On 16 May together with a group of reporters, we visited this exhibition in the China International Exhibition Center with deep interest. The U.S. aviation industry has a solid foundation and advanced technology, and we are also deeply impressed with the American aviation industrialist's strong desire for cooperation with China.

They Hope That China Will Also Become a "Seller"

The U.S. Government attached great importance to this exhibition. President Reagan said in his congratulatory message: "All the companies participating in this exhibition are the envoys of American industrialists and businessmen. They all hope that they will have the opportunity to join hands with you (China) to develop mutually beneficial trade." U.S. Secretary of Commerce Baldrige said: "Some of the newest and best products of the American industry will be displayed at the exhibition. It is the hope of our companies which participate in the exhibition that the exhibition will meet your needs and will promote economic development and social progress in both of our countries." During the visit to the exhibition, we were impressed with this desire from what we saw and heard.

For American industrialists and businessmen, China is undoubtedly a huge and attractive market. Some 50 big American companies, including the Boeing company, the McDonnell Douglas company, United Airlines, and the General Electric Company, participated in the exhibition and sent large-scale delegations to Beijing. Mr Aibideng, president of the General Electric (China) Company, said: "We hope that we will carry out extensive cooperation with China in the field of aviation." His words represented the common desire of all companies participating in the exhibition.

Mr Chang Chen-chung, president of McDonnell-Douglas (China) company, said: "As a large country, China must be able to produce airplanes which measure up to international standards." It is on the basis of this viewpoint that the McDonnell-Douglas company had made consistent efforts to develop its business relations with China so as to raise China's technological level in the aviation industry. "If one limits one's vision merely to trade with China, one will not be able to adapt one's business to China's actual situation in development."

Mr Chang, a Chinese American, was received by Chairman Deng Xiaoping in 1980. He began to make efforts to create conditions for cooperating with China in producing planes in 1975. Through repeated contacts and negotiations, the McDonnell-Douglas company eventually signed an agreement with the Shanghai Aviation Industrial Company on producing MD-82 planes. It is expected that the first MD-82 plane made in China will fly in to the blue sky in 1987. Mr Makuluoqi, chairman of the board of the American United Air Services Company, said more frankly: "The purpose of our cooperation with China is not only to make China a buyer, but also to make her a seller."

China's aviation industry also has its splendid history. Sixteen years ago, China successfully launched her first man-made satellite. Since then, China's aviation industry has made substantial progress. However, there remains a certain gap between our and the world's advanced standards. By strengthening cooperation with the United States and other countries in the field of aviation, China's aviation industry will catch up with the advanced countries at an earlier date. This is our national policy as well as the objective of the technical personnel and workers of our aviation industry.

Advanced Technology and First-Class Service

The United States is the most advanced country in today's world in aviation technology. The world's first plane took off from a western beach of the United States; and the world's first space shuttle was also launched by the United States. While facing competition and challenges from many developed countries, how could the American aviation industry always hold the leading position? Mr Aibideng, president of the General Electric (China) Company, was correct in saying that the secret of the American aviation industry is to set great store by developing new products and new technologies.

The General Electric Company is famous for its production of airplane engines. At present, the company is developing a kind of "ductless" engine, (which is also called the "UDF engine") that represents the orientation of the development of future planes. These latest engines being developed will not only increase speed, but will also save 25 to 30 percent of fuel as compared with the most advanced planes in the world at present.

Another reason why the American aviation industry is welcomed by users in various countries is their offering of good maintenance services. When commenting on maintenance services, a responsible person of United Airlines said: "In a certain sense, maintenance services determine the successfulness of the marketing of products."

Almost all companies we came into contact with held that maintenance services are as important as the making of planes. Mr Aibideng told us this story: A foreign company once wanted to buy a certain product from the General Electric Company, and the two sides reached agreement on the terms of the transaction. However, when General Electric knew that the customer's country did not have the necessary maintenance facilities for this product, it decided not to sell this product immediately. This move puzzled the customer. "But the reason was very simple," Aibideng said. "Even the best product may have something wrong when it is put into operation. If maintenance services are not available, the user may lose confidence in your product, and we might thus mar the reputation of our own brand."

One of the major tasks for our foreign trade work in the period of the Seventh 5-Year Plan is to improve the makeup of our export commodities and increase the export of intensively processed products and mechanical and electrical products to replace the export of primary products. In the past, the export of our mechanical and electrical products was affected by the poor condition of our maintenance services. As a result, we could not open and consolidate the overseas markets for these products. Some people once thought that this was a problem of quality. The maintenance services of the American industries may offer some useful experience to us.

SINO-U.S. TRADE, INVESTMENT, LEGAL SYMPOSIUM

HK100751 Beijing RENMIN RIBAO in Chinese 6 Jun 86 p 7

[Article by reporters Zhang Dezhen and Zhang Laing: "Frank Discussions, Positive Results -- Sidelights on Sino-U.S. Trade, Investment and Legal Symposium"]

[Text] The 4-day "Sino-U.S. Trade, Investment, and Legal Symposium" successfully concluded in Beijing on 7 June. The symposium was a grand gathering of people from Chinese and American economic, trade, and legal circles. Present at the symposium were representatives from the relevant Chinese Government departments, economic and trade organizations, provinces, and municipalities and over 70 American friends led by Robert Strauss, former U.S. trade representative under President Carter. The meeting held special discussions on developing Sino-U.S. economic and trade relations. High-level representatives also met to hold trade talks. On the afternoon of 5 June, Premier Zhao Ziyang met with the principal members of the Chinese and American delegations.

This is the most recent meeting in the series of the three Sino-U.S. symposiums. The two similar meetings held in Shanghai, Tinajin, Beijing, and Dalian in 1984, on which the U.S. economic and legal circles set a high value, have exerted a widespread and positive influence.

At the current symposium, the representatives of both parties reviewed the major successes attained in Sino-U.S. economic and trade cooperation in recent years. They pointed out with satisfaction that although Sino-U.S. bilateral trade started almost from scratch in 1972, the United States has now become China's third major trade partner. In 1985 the volume of bilateral trade reached \$7.3 billion, topping all previous records. By the end of 1985, the total amount of contracts for direct investment by American businessmen in China had reached \$2.1 billion, ranking first among foreign investments in China; there were 130 joint ventures using Chinese and American investment. Considerable progress has also been made in cooperation in other economic fields.

However, compared with the potentials of the two countries, these encouraging achievements have not reached a perfectly ideal level. Some difficulties and obstacles still exist in the economic and trade relations between the two countries. In order to seek ways to solve these problems, the meeting held vigorous discussions on several acute problems in the current Sino-U.S. economic and trade relations.

During these discussions and meetings, the Chinese representatives and the responsible persons of the departments concerned briefed the American representatives on China's Seventh 5-Year Plan and the reform of the economic structure, as well as on China's policies on foreign trade and foreign investment. In light of the misgivings expressed by some foreign friends on "whether China will change its open policy," a person of the department concerned pointed out: With its strong vitality, the Chinese policy of opening up to the outside world is irreversible. If there should be changes, it will only change in the direction of opening wider to the outside world and developing more healthily. Taking a doubting attitude on this issue will only result in letting slip a golden opportunity. China's foreign exchange reserves dropped quite substantially last year. However, because of increased exports, its balance of international payments was not affected. For this reason, the argument that "since China's foreign exchange reserve has dried up, it will 'rein in' the policy of opening up" is groundless.

A person from the Chinese economic and trade circles also pointed out: The main obstacle to the current Sino-U.S. bilateral trade and economic and technological cooperation is the various restrictions in U.S. legislation concerning technological transfer to China, on China's exports to the United States, and on credit and transport. We hope that the United States will take a bigger step forward in this field and delete or revise those outdated laws once and for all. Another obstacle to Sino-U.S. trade is the constantly growing trade deficit on the Chinese side. From 1972 to 1985 the trade deficit rose to \$16.1 billion. Both parties should make great efforts to stimulate the balanced development of Sino-U.S. trade.

On the question of investment in China by American enterprises, the person from the Chinese economic circles said: China has implemented a clear-cut policy of encouraging foreign investment. The laws, regulations, and ordinances regarding investments and other foreign economic affairs are being promulgated, implemented, and perfected. Naturally, China's legislation concerning foreign economic affairs is still imperfect and there is still a lot of work to be done. We are willing to listen to the invaluable views of American friends in this field.

During the discussions and at the Sino-U.S. high-level meetings, Robert Strauss, head of the U.S. delegation, criticized trade protectionism in the United States and the restrictions placed by the U.S. Government on the transfer of technology to China. He said that protectionism would bring "self-destructive results" to the economy and to politics and that China should not become a "victim" of U.S. trade protectionism. He also pointed out the problems that exist in China's economic legislation, bureaucratic apparatus, and dilatory style of work.

The U.S. representatives also had discussions with responsible persons of the Ministry of Foreign Economic Relations and Trade, the People's Bank of China, and the Bank of China on various issues, such as the balance of foreign exchange in Chinese-foreign joint ventures, the possibility of emitting foreign exchange abroad, and coordination with various departments when running enterprises in China, and they received relatively satisfactory answers. In short, the extensive and useful discussions and the sincere and frank exchanges of views have increased understanding and friendship between the two parties and have played a positive role in promoting economic exchanges between China and the United States. After meeting the responsible persons of the State Planning Commission and the State Economic Commission, some American friends said: "This meeting was extremely good. It has removed a lot of misgivings and misunderstandings in the minds of the Americans."

The great victory of China's open policy, the rapid development of its economic construction, and its political stability and unity have created a favorable investment environment and attracted a growing number of foreign investors. At the "Sino-U.S. Trade, Investment, and Legal Symposium," talks on investment projects were brisk. With the signing of 11 letters of intent on joint ventures of economic cooperation and with both parties expressing their willingness to continue talks on 44 others, the meeting has achieved gratifying results.

ARTICLE CALLS FOR TRADE BALANCE WITH JAPAN

HK100926 Beijing GUOJI SHANGBAO in Chinese 26 May 86 p 3

[Article by Jin Yan: "Remove Obstacles, Achieve a Balance in Sino-Japanese Trade"]

[Text] Over the past few years, the trade between China and Japan has developed rapidly. The total volume of imports and exports reached U.S. \$16.57 billion in 1985, setting a new record in Sino-Japanese trade. However, we see clearly that China's trade deficit with Japan in 1985 increased to U.S. \$5.2 billion. If this ever growing trade imbalance cannot properly improve, it will certainly affect the smooth development of trade between the two countries. The huge potential of increasing imports from China to Japan is far from being fully tapped. There are a great variety of commodities which are available for exchange between China and Japan, but Chinese commodities take up a very small proportion in Japan's importation and Japan imposes restrictions on import of many kinds of Chinese commodities. If the Japanese government treats China equally in customs duties, quotas and other aspects, or if it coordinates well with China in some practices, the volume of imports from China to Japan will be continuously increasing and the trade imbalance between the two countries will improve step by step.

It has been learned that Japan will soon send a large trade delegation, which comprises 160 members, to China to explore the possibility of increasing imports from China. If the delegation conscientiously takes measures in the following three areas and reaches some feasible agreements, this will be of practical significance to further developing Sino-Japanese trade and "increasing imports from China."

First, Japan should withdraw arbitrary restrictions on the import of Chinese commodities. As is known to all, every year Japan imports large quantities of vegetables and fruits from other countries, but it refuses to import Chinese vegetables and fruits which are heartily welcomed by Japanese consumers. Many Japanese visitors to China are profuse in praise of Chinese fruits such as the fresh lychee of Guangdong, the hami melon of Xinjiang, the Tianjin pear and Dalian apple, but they are not allowed to ship to Japan. Meanwhile, delicious Chinese vegetables are also highly praised by Japanese consumers because they are naturally cultivated and less polluted by environmental effects, but the import of Chinese vegetables is banned so that Japanese consumers cannot enjoy them. In addition, Japan imports a large number of straw mats from South Korea, but Chinese products are also placed under a ban.

Second, the Japanese Government should lift the ban on "importing in an unified way" Chinese raw silk and satins, which are traditional items exported to Japan. Since the ban was proclaimed by the Japanese Government, the volume of export of these two commodities to Japan has been decreasing year after year. What is particularly inconceivable is that while China's trade deficit with Japan is continuously increasing, the "agreements on sales of raw silk and satins" reached between the Japanese and Chinese Governments are being cut down year by year and some of them cannot be executed. This practice has been opposed by a number of Japanese importers.

Third, the Japanese Government should give up unequal tariff treatment to China. It is known that Japan imports a certain number of carpets from China and the United States every year, but there is a sharp difference between the two countries in tariff treatment.

A customs duty of 4 percent is levied on the United States, but 12 percent is levied on China. Although the Japanese Government lowered the customs tariff to 9.6 percent in January this year, it is still higher than that of the United States by more than 100 percent. It is said that import of black tea and coffee to Japan is exempted from customs duty. Nevertheless, the Japanese Government makes a levy of 20 percent on the import of Chinese oolong tea, jasmine tea and pure tea plus a 5 percent commodity tax. Meanwhile, Japanese importers of Chinese rubber-soled shoes and cloth shoes are also shoe makers in Japan. They sell these Chinese shoes together with their own products. This greatly helps promote sales of their products. Even so, the Japanese Government also makes a levy of 10 percent on these Chinese commodities which do not interfere with sales of similar Japanese goods.

At present the political and economic relations between China and Japan are developing steadily. Under such circumstances, the two countries should work in a down-to-earth manner to solve some practical problems and do away with some negative factors unfavorable to the development of relations between them. The forthcoming visit to China of a large trade delegation organized by the Japanese Foreign Trade Ministry is aimed at creating conditions for further development of economic and trade relations between the countries in the future, but it should help solve some practical problems facing the two countries at present, remove obstacles and achieve a balance in Sino-Japanese trade.

DPRK CONDEMNS U.S.-ROK JOINT EXERCISES

HK120900 Beijing RENMIN RIBAO in Chinese 10 Jun 86 p 6

[XINHUA report: "NODONG SINMUN Condemns U.S.-South Korean Joint Naval Exercises"]

[Text] Pyongyang, 8 Jun (XINHUA) -- The Korean newspaper NODONG SINMUN carried a commentary today, strongly condemning the U.S.-South Korean "joint naval exercises" which began today.

It is reported that the current "joint naval exercises" held by the United States and South Korea in the East Sea of Korea will last until 14 Jun. The U.S. 7th Fleet will join the exercises. The U.S. and South Korean sources asserted that the exercises' purpose was to "enhance the ability of joint operation."

In the commentary, NODONG SINMUN pointed out: "The U.S. 7th Fleet is a 'notorious pirate fleet' which had engaged in the Korean war and wantonly and indiscriminately bombarded the peaceful cities and villages of Korea."

The commentary strongly condemned the current military exercises, saying that the operation is "a criminal act which will aggravate the situation in and around the Korean peninsula, hinder the resumption of dialogue between the North and the South, and threaten peace in Asia and the world." The commentary pointed out: This clearly indicates the "adventurous military nature" of the U.S. strategy toward Korea and Asia.

The commentary emphasized: The Korean people and the people of the world, who are looking forward to the relaxation of the tense situation in the Korean peninsula, the resumption of dialogue between the North and the South, and the realization of peace and peaceful reunification in the country, will never tolerate the adventurous and conspiratorial military activities by the U.S. and South Korean authorities.

SRV ATTACK ON KAMPUCHEA REFUGEE CAMP CONDEMNED

OW031402 Beijing XINHUA In English 1400 GMT 3 Jun 86

[Text] Beijing, June 3 (XINHUA) -- A Chinese Foreign Ministry spokesman today strongly condemned the Vietnamese invasion troops in Kampuchea for the bombardment of the no. 8 Kampuchea refugee camp on the territory of Thailand on May 29, wounding and killing dozens of refugees including some women and children.

When asked about Chinese Government's comment on the bombardment of the Kampuchean refugee camp by the Vietnamese invasion troops, the spokesman said: "This is a new crime against the Kampuchean people committed by the Vietnamese invasion troops in Kampuchea and a gross encroachment on the territory and sovereignty of Thailand.

"We firmly support the solemn and just stand of the Thai Government and the Coalition Government of Kampuchea sternly condemning the Vietnamese bombardment of the Kampuchean refugee camp, and strongly condemn this atrocity committed by the Vietnamese forces."

He noted that this assault took place on the following day of the Vietnamese authorities' announcement that a so-called "partial withdrawal of troops" would begin on May 28. This "will all the more reveal the deceptive tricks of the Vietnamese authorities and is bound to arouse the indignation and condemnation of the justice-upholding countries and people."

PHILIPPINE VICE PRESIDENT ON COMING PRC VISIT

OW120754 Beijing XINHUA in English 0736 GMT 12 Jun 86

[Text] Manila, June 12 (XINHUA) --Philippine Vice-President and Foreign Minister Salvador Laurel said today that his coming visit to China "will make the relations between the Philippines and China closer and more friendly." Laurel made this prediction in an interview with XINHUA and two Chinese newspapers "GUANGMING DAILY" and "WENHUI DAILY", before his China visit from June 15 to 18 at the invitation of the Chinese Government.

He said that his visit will be a significant step towards promoting the bilateral relations with China, because he will "discuss with the Chinese Government leaders ways and means by which the ties between the two countries can be further strengthened and improved." He said he will also be able to present to Chinese Government officials and the Chinese people the real political and economic situations in the Philippines, so that there will be deeper mutual understanding.

Laurel said, "China's open-door policy is a very good policy and is the best policy for any nation. That is also our policy. We have the same policy so we can work together." The Vice-President said that "Taiwan is part of Chinese territory and the Taiwan question is China's internal affairs that should be solved only by the Chinese people themselves." He said he was the first Philippine Government official to propose the one-China policy.

In a book he wrote following his first visit to China as a senator in 1972, he said that "the two-China policy is an unrealistic, deceptive, wishy-washy policy. Such a policy amounts to interference in the internal affairs of the Chinese people in the mainland. We must recognize the fact that there is only one China.

On the Kampuchean issue, Laurel said, "The People's Republic of China is supporting the Kampuchean Coalition Government and has endorsed the eight-point proposal of the coalition government. The Philippines, together with the entire ASEAN nations, has also endorsed the proposal." "The proposal can be a framework for a peaceful settlement of the Kampuchean question," he added.

Laurel said the prospects for expanding the Philippines-China relations are very bright. "We are natural neighbors. Our commercial and social intercourse covered more than a thousand years. The Philippines and China have never been enemies. Therefore, there is no reason why we can not continue our close friendship," he pointed out. He said the Philippines and China should have more ties, not only economic and trade ties, but also cultural ties.

Laurel said during his visit to China he would propose that the two countries should create a joint committee at ministerial or sub-ministerial level, so that the two sides can talk. Laurel reiterated that the new Philippine Government adheres to an independent foreign policy. "The Philippines is a small nation and we should not make an enemy if we can make a friend. This is the basic principle of our foreign policy."

The coming visit will be Laurel's third China tour, following two previous visits in 1972 and 1979.

XINHUA CARRIES PROFILE OF SALVADOR LAUREL

OW121042 Beijing XINHUA in English 1001 GMT 12 Jun 86

["Backgrounder: Salvador Laurel's Resume" -- XINHUA headline]

[Text] Manila, June 12 (XINHUA) -- Salvador Laurel, vice-president and foreign minister of the Republic of the Philippines, will pay a four-day visit to the People's Republic of China from June 15 to 18 at the invitation of the Chinese Government.

Salvador Laurel, son of former President Jose P. Laurel, was born in Manila on November 18, 1928. He was graduated from the University of the Philippines in 1952 where he received the Bachelor of Arts and Bachelor of Laws. He obtained his Doctorate of Juridical Science degrees in 1960 at the U.S. Yale University. After that he wrote a good number of books on laws.

Laurel was a senator during 1967-1973 and a member of the Interim National Assembly in 1978. He was the delegate to the U.N. General Assembly for three years running (in 1968, 1969 and 1970).

He was appointed vice-president and foreign minister of the republic in February 1986. Presently, he is also the president of the United Nationalist Democratic Organization (Unido), one of the ruling parties that forms the government headed by President Corazon Aquino. The Unido was founded by Laurel in 1982.

Since his appointment of vice-president and foreign minister, Salvador Laurel has stressed the need on several occasions to develop political and economic relations with all countries on the basis of mutual equality, mutual benefit and mutual respect. He has also made it clear that the Philippine Government will strive to develop its relations with the People's Republic of China. Laurel is the first Philippine leader to visit China after the establishment of the new Philippine Government. He visited China in 1972 and 1979.

FURTHER REPORTAGE ON HU YAOBANG'S EUROPEAN VISIT

Speech at British Institute

HK130414 Beijing RENMIN RIBAO in Chinese 12 Jun 86 p 1

["Key to an Understanding of China's Development Trend -- General Secretary Hu Yaobang's Speech at the British Royal Institute of International Affairs (11 June 1986)" -- capitalized passages published in boldface]

[Text] Respected Mr President,

Ladies and gentlemen:

I am deeply honored and pleased to have the opportunity to come today to this internationally prestigious and authoritative research institute for international issues and to meet with distinguished academics and experts on international affairs.

As far as some friends in the Western world are concerned, China seems to be an "unpredictable" mysterious country. This is because we are a long way away from each other; we have different cultures, languages, customs, and habits; and in recent history we have experienced different social developments. China has closed itself to international intercourse for a long time; over the past century or so, China has waged an earth-shaking struggle for liberation; and in the past 30-odd years since the founding of the PRC, China has made tremendous progress and experienced many twists and turns. All these have added to the "mysterious" color.

In which direction will China develop, then? I am willing to tell you that China's basic national policy in this century and next boils down to two points: first, to promote a sustained and steady growth in China's economy by the execution of the policy of reform and opening to the outside world; and second, to ensure that China concentrates on development without interruption by pursuing an independent foreign policy of peace. If these points are grasped, one will have the key to an understanding of China's development trend. Now, please allow me to use this key to open the gate to an understanding of China and to discuss four questions with you.

THE FIRST QUESTION IS ABOUT CHINA'S REFORM AND OPENING TO THE OUTSIDE WORLD. After taking a roundabout course, we realize that after the establishment of a new social system, our most fundamental task was to develop social productive forces and to gradually improve the material and cultural life of the people. To develop the national economy in a sustained and steady way, it is necessary to open to the outside world, to reform the excessively centralized and rigid system of managing the economy by administrative means, and to develop a planned socialist commodity economy based on the system of public ownership. For this reason, over the past 6 to 7 years, we have implemented a policy of opening to the outside world on the one hand and boldly conducted exploratory reforms on the other. The reform was first started in the rural areas and is now in full swing. It involves both the economic, scientific and technological, and educational structures and the political field. It is being carried out in both the material and spiritual fields. It is being carried out in both the material and spiritual fields. In recent years the national economy has developed in an all-round, rapid, and steady way, and the material and cultural life of the people has markedly improved. These prove that initial results have been attained in reform and opening up.

There were some people abroad who did not approve of our opening up and reform. They suspected that our policies were "heretical beliefs" and were in danger of "departing from the classics and rebelling against orthodoxy." In recent years the number of people who take this skeptical attitude has dropped and some have even viewed our policies in a new and more favorable light. Some others, however, hope that our opening up and reform will move closer to the pattern of Western society and will ultimately emulate Western society. The actual conditions over the past 30-odd years are that socialism has enabled China to cast off the label of the "sick man of East Asia;" that China has stood up in the world; that the Chinese people, accounting for nearly a quarter of the world's population, have initially solved the problem of food and clothing; and that, after 6 to 7 decades of hard work, China will probably be able to approach the level of developed countries economically. Building socialism with distinct Chinese characteristics is a correct path which the Chinese people have found after suffering long hardships and summing up their own experiences. This has been the fundamental conviction of the one billion Chinese people. Changing that course China is now taking will not only be opposed by the Chinese people but will also mean returning to the previous turbulent situation, which is also unfavorable to the stability and security of the world.

Now, people have noticed more clearly that opening up has not resulted in China taking to "evil ways" and that the reform will only constantly improve China's socialist system. It is our unalterable and fundamental state policy to persevere in the reform and the policy of opening to the outside world, to try to avoid mistakes in our work and, through the untiring efforts of several generations, to turn China into a highly civilized, highly democratic and modern socialist country.

THE SECOND QUESTION IS ABOUT CHINA'S FOREIGN POLICY. Some friends have asked: What are the basic contents of the independent peace foreign policy that China is implementing? Can it persist in carrying out this policy for a long time?

As for the major contents of China's foreign policy, Premier Zhao Ziyang summed it up into 10 points in his speech to the fourth session of the Sixth NPC not long ago. To put it in a nutshell, the following three principles are basic in the 10 points: 1) We support anything that facilitates world peace and stability and we oppose hegemonist practice in any form and by anyone; 2) China will never attach itself to any superpower or form an alliance with any country, and it is willing to develop friendly relations with all countries in the world on the basis of the five principles of peaceful co-existence; 3) China stands firmly by the side of Third world countries and upholds justice.

Pursuing development in peace is the common desire of the people of all the countries in the world, and even more it is the fundamental desire of the one billion Chinese people. The reason why China wants peace and does not want war is very simple. For over 100 years China has suffered very greatly from foreign aggression and from the disasters of endless wars. Even now it has not yet got rid of its poverty and backwardness entirely. Without several decades, or even over 100 years, of peaceful construction it is impossible for China to catch up with developed countries which history has made China fall far behind. Therefore, we are determined to make efforts together with people of the world to prevent the outbreak of any war in the next century as well as in this century. As far as our desire is concerned, it is better to have no war forever.

The policy of using all one's armed might to indulge in wars of aggression runs counter to the basic faith and principle of we Chinese Communists.

Having blind faith in military strength, scrambling for hegemony, carrying out aggression and expansion abroad on various kinds of excuse, and even sending troops to occupy other countries will finally make one suffer heavy losses and defeat. Therefore, we teach posterity that even if China becomes rich and powerful in the future, it should forever implement a peace policy and it should never pursue hegemony.

Our experience has told us that if China attaches itself to a certain big country or forms an alliance with it, it will not only put itself under other people's control and thus be unable to be master of its own destiny, but it will also hinder its own development and be detrimental to world peace and stability. Therefore, we are determined to adhere to the principle of independence in handling foreign affairs and be on friendly terms with all the countries in the world on the basis of the five principles of peaceful co-existence. Differences of identity in social systems or ideology will not determine our relationship with other countries, nor determine whether we are friend or enemy to other countries.

The independent peace foreign policy will win the most favorable international environment possible for China's peaceful construction and will enable this big country with a population of one billion people to make better contributions in easing international tension and safeguarding world peace and security. China's foreign policy conforms to the fundamental interests of the people in China and the world over, and it will not change this policy because of temporary changes in the world situation.

THE THIRD QUESTION IS ABOUT THE RELATIONSHIP BETWEEN NATIONAL DEFENSE AND CONSTRUCTION. Economic construction needs large amounts of investment and so, even more, does expansion of military strength. These two are in contradiction. Concentrating our strength on both is impossible. I can tell you frankly that in carrying out our modernization program itself, we lack funds. Therefore, it is impossible not only now, but also for decades to come, for us to allocate large amounts of funds to expand our military strength. We can only concentrate our strength on satisfactorily carrying out our economic construction and gradually improving our people's living standard. On this basis we will gradually strengthen our defense. This is a conclusion that we have drawn through many years of deep and careful consideration. We will never participate in the arms race and will oppose the arms race, in particular the nuclear arms race. We advocate the thorough banning and destruction of nuclear, chemical, biological, and space weapons and the drastic reduction of conventional weapons.

Of course, we are realists. We fully understand that the danger of a new world war has not been eliminated. It is imperative to be prepared for surprise attacks by foreign countries. However, as far as our capability is concerned, we can only do two things: One is to maintain an appropriate defense capability and the other is to keep abreast of and study the world's advanced defense methods. Naturally, we also need to import advanced military technology from abroad with a view to strengthening our defense capabilities. We will not spend our limited foreign exchange reserves on buying weapons in large quantities. If a war is imposed on us, it will not scare us. With a vast territory, China has much room for manoeuvre. China has a huge population. The Chinese people are highly conscious and capable of resisting aggression. The invaders may have their own smug calculations, but we have our own self-defense methods. We are very capable and confident in defending our own country. It is precisely based on this conviction that in June of last year, the Chinese Government decided to cut its military establishment by one million men. The proportion of our military spending in the state budget was gradually declined in recent years.

THE FOURTH QUESTION IS THAT CHINA'S BASIC NATIONAL POLICIES WILL NOT CHANGE. After I brief you on our basic national policies some of you may ask: Who can ensure your basic national policies will be maintained persistently in the several decades to come? Really, this is an important issue that has a bearing on the orientation of China's future development and also a problem which we have persistently striven to solve over the last few years. I can tell you responsibly that China's basic national policies have struck deep roots and are full of vitality. The reasons behind this conviction are mainly as follows:

The current principles and policies have brought immense benefits and advantages to the broad masses of the people, thus winning the support of the great majority of people throughout the nation. They have struck deep roots in the masses of the people and have become the guidance to their actions. No one can totally discard these policies in defiance of the will of the people. As a matter of fact, every specific policy has its limitations in terms of time. Therefore, it is necessary to develop it along with the changed situation. If this development is called "change," then the more our policies change, the more perfect they will become.

The current numerous important policy decisions which are being carried out in China are made on the basis of earnestly summing up practical experience and soliciting opinions extensively from all sides concerned in the community, including various democratic parties, nonparty personages, and personalities of various circles. True, leaders of the older generation have played the role of helmsmen but our policies are not decided by any one individual. They are the crystalization of collective wisdom.

We are also determined to continue developing socialist democracy so that it will become institutionalized and be carried out on a legal footing, and to display the spirit of the masses of the people as the masters of the country so as to ensure their democratic rights and effective supervisory role in the political, economic, cultural, and other fields of social life. This will ensure that our numerous correct principles and policies can be implemented in a sustained and steady way along the course of socialist democracy and legality.

In the last few years, gratifying results have been scored in reducing the average age of leaders at various levels from central to local. A large group of young, very energetic people who have practical capabilities and the spirit of breaking new ground have been promoted to leadership posts. This is of great significance in maintaining the vigor and vitality of our cause and in the continuity of our principles and policies.

With the four points mentioned above, we have reason to believe that our basic national policies will not change along with any change in our leadership. China will follow the present correct orientation in its successful march toward the 21st century.

Your country is the first leg of my visits to Western Europe. In the last 3 days, I have had thorough and useful talks with Prime Minister Margaret Thatcher and other leaders of your government. I have benefited much from extensive contacts with personages in all circle in your country. China and Britain have a common saying. It goes, "Start well and end well." I firmly believe that the successful and smooth visit to your country will be the good beginning of my West European visit. It indicates that my current visit will be successful and smooth and helpful to the long-term steady development of Sino-British relations of friendship and of our relations of friendship with other West European countries, and helpful to world peace and stability.

Thanks to everybody.

Now I am ready to answer your questions.

Welcomed by Kohl, Talks Held

OW121102 Beijing XINHUA in English 1055 GMT 12 Jun 86

[Text] Bonn, June 12 (XINHUA) -- The Chinese Communist Party General Secretary Hu Yaobang today was given a red-carpet welcome by Federal Chancellor Helmut Kohl at his office. Upon their arrival here, Hu and his party, including Vice Premier Li Peng and Professor Fei Xiaotong, were taken by a motorcade to the Federal Chancellor Kohl. A military band played the national anthems of the People's Republic of China and the Federal Republic of Germany. Accompanied by Chancellor Kohl, Hu reviewed the guard of honour composed of the Army, Navy and Air Force. Present at the ceremony were Chairman of the Social Democratic Party Willy Brandt, Minister of State for Federal Chancellor's office Friedrich Vogel and other officials. Then General Secretary Hu paid a courtesy call on Chancellor Kohl and had brief talks with him.

Discussion With Willy Brandt

OW121348 Beijing XINHUA in English 1332 GMT 12 Jun 86

[Text] Bonn, June 12 (XINHUA) -- Visiting Chinese party leader Hu Yaobang and Social Democrat Party Chairman Willy Brandt of Federal Germany held cordial and friendly talks in the headquarters of the Social Democratic Party here this morning.

To welcome Hu, general secretary of the Central Committee of the Communist Party of China, Brandt said the relations between the two countries have in recent years "developed smoothly." "The Social Democratic Party has always made efforts" for developing these relations, he added. The exchange of visits benefits the relations between Federal Germany and China, Brandt said.

General Secretary Hu Yaobang, who arrived here for a 5-day official visit, expressed his satisfaction with the existing relations between the two countries and the two parties. "Federal Germany is the largest trading partner of China in Europe," said Hu. "Over years, the exchange of visits has increased rapidly between Chinese provinces and the states (lands) of Federal Germany." The Chinese Communist Party leader expressed thanks to the Federal German Government and friends of the Social Democratic Party for providing assistance in training personnel. Hu and Brandt also exchanged views on major issues of common concern.

Willy Brandt Hosts Luncheon

OW121514 Beijing XINHUA in English 1459 GMT 12 Jun 86

[Text] Bonn, June 12 (XINHUA) -- Chinese party leader Hu Yaobang said here today that the two big powers possessing largest nuclear arsenals should sit down for serious talks instead of bogging down in the blind alley of confrontation. He made the remarks at a luncheon hosted by Willy Brandt, chairman of the Social Democratic Party.

Hu, general secretary of the Central Committee of the Chinese Communist Party, said China welcomes further dialogue between Western and Eastern Europe and their closeness. "Dialogue is a trend of the present time," he said. "It is extremely dangerous to have blind faith in military forces and endlessly seek military superiority to continue confrontation."

Hu said the people of the world and all peace-loving countries should make common efforts to force the superpowers to stop their arms race including arms race in space and stop all acts of bullying the weak, interfering in internal affairs of other countries and violating sovereignty of the other countries. In this regard, he said Europe and China have a lot of things to do and they are all important forces checking war and safeguarding peace.

Brandt said there have been a lot of discussions about disarmament over the past 30 years, which actually led to arms expansion. He said he hoped that Federal Germany and China could become partners on the road of seeking peace, equality and unity and relations between his party and the Chinese Communist Party would continue to grow.

Hu expressed the belief that political parties with different ideologies and with different historical and present conditions can cooperate in fundamental issues of peace and development, which are vital to the destiny of the people in the world. In recent years, Hu said, "through our contacts with your party and other socialist parties, social democratic parties and labour parties, I have made acquaintances with many famous statesmen and social activists in Europe, Oceania, Latin America and Asia." He told Brandt that the Chinese Communist Party will develop relations with more and more members of the socialist international on the principles of independence, complete equality, mutual respect and non-interference in each other's internal affairs.

Brandt Speech at Luncheon

OW121757 Beijing XINHUA in English 1732 GMT 12 Jun 86

[Text] Bonn, June 12 (XINHUA) -- Social Democratic Party Chairman Willy Brandt of Federal Germany today expressed anxiety over world peace and the deteriorating North-South relations. Speaking at a luncheon in honor of visiting Chinese Communist Party Leader Hu Yaobang, Brandt said that the current world "is not finding itself in more security" and "the issues of peace and North-South policy have worsened and produced new problems."

For thirty years, he said, people have always talked about disarmament, but the result is expansion of arms. Arms race is going on and speeding up despite the desire of world majority for disarmament, he said. Brandt said for many people, particularly the Europeans, the U.S.-Soviet Geneva summit held late last year was of some hope. Unfortunately, the desire that the talks could pave way for a new stage of policy of detente has not been put into reality, he added. He said that the position that the Chinese party and state leaders have taken on this issue has firmed his confidence.

On common development, Brandt said that the current world economic situation does not allow the people to be optimistic about the future. No solution has been found to ease the debt crisis which is putting democracy and peace in danger, he said. To turn peace and development into reality, he said, it is imperative for us to wage a struggle for reason and survival.

Hu's Luncheon Remarks

OW121545 Beijing XINHUA in English 1526 GMT 12 Jun 86

[Text] Bonn, June 12 (XINHUA) -- Hu Yaobang, general secretary of the Central Committee of the Chinese Communist Party, said today that it is developed countries' obligation and an essential condition for their continued development to help Third World countries.

Speaking at a luncheon given in his honor by Chairman of the Social Democratic Party Willy Brandt, Hu said that it is an irreversible historical trend today to demand the reform of the unreasonable international economic order. He said the development of the world economy, including the prosperity of the developed countries, cannot be based on the poverty and backwardness of the Third World nations and the growing gap between the North and South.

The general secretary said because of the prolonged colonialist enslavement and plunder in the past and the present injustice treatment by developed countries, many Third World countries have not yet got rid of dire poverty and backwardness economically though they have won independence politically.

He said as the gap between the North and the South is growing and hundreds of millions of people go hungry, there is no justice, peace and stability to speak of.

In his toast, Hu praised Brandt for his efforts to work for peace and disarmament, saying that Brandt's proposal about North-South relations, debt problems of Third World countries and the reform of international economic system is a far-sighted proposal.

Hu Speaks on FRG-PRC Ties

OW130138 Beijing XINHUA in English 0126 GMT 13 Jun 86

[Text] Duesseldorf, Federal Germany, June 12 (XINHUA) -- Given courage and strenuous efforts by both sides, an exceptionally bright prospect for friendly relations and cooperation between Federal Germany and China would certainly be opened, visiting Chinese leader Hu Yaobang said here tonight.

Speaking at a dinner hosted by Johannes Rau, minister-president of the Land North Rhine-Westphalia, the Chinese Communist Party general secretary expressed his satisfaction with the progress in the economic and technological cooperation between China and Federal Germany over the past few years and with China's close ties with North Rhine-Westphalia. He called for further promoting the existing good relations.

He told the minister-president the North Rhine-Westphalia is well-known and enjoys good reputation in China for being the homeland of the famous poet Heinrich Heine, master of music Ludwig von Beethoven and great thinker Friedrich Engels as well as being the heart of Federal Germany's industry.

Hu arrived in Duesseldorf, the capital of Rhine-Westphalia land, from Bonn this afternoon and was given a warm welcome at the state's government office by the minister-president.

During their talks at the office, Rau told the guests that his land was happy for its contribution to the smoothly developing cooperation between the two countries and for its growing contacts with Chinese provinces of Jiangsu, Shanxi and Shichuan. Hu told his host that China appreciated very much its connections with the Land of North Rhine-Westphalia.

Vice Premier Li Peng, who was present at the meeting, told about the impressions left on him during his tour earlier this afternoon of Fried Krupp Group's Apprentice Training Centre and its Industrietechnik GMBH workshops.

Chairman of the Social Democratic Party Willy Brandt was also present at the talks as well as tonight's dinner, which took place at Benrath Palace in the beautiful Duesseldorf suburb wood surroundings. After the dinner, Hu and his party flew back to Bonn by helicopter.

Roundup on Hu FRG Visit

OW130840 Beijing XINHUA in English 0806 GMT 13 Jun 86

"Roundup: Hu Yaobang starts visit to Federal Germany" -- XINHUA headline]

[Text] Bonn, June 12 (XINHUA) -- Chinese leader Hu Yaobang today called dialogue "a trend of the present time" and urged the superpowers to sit down for serious talks instead of locking themselves in confrontation. "It is extremely dangerous to have blind faith in military force and endlessly seek military superiority to continue confrontation," Hu said at a luncheon hosted by Social Democratic Party Chairman Willy Brandt here today.

Hu, general secretary of the Central Committee of the Chinese Communist Party, received a red-carpet welcome by Chancellor Helmut Kohl after his arrival from London here today to begin a five-day official visit during which he is expected to meet Chancellor Kohl, Brandt and other senior officials for talks on a wide range of bilateral and international issues.

At the luncheon, Hu told his hosts that the people of the world should make common efforts to force the superpowers to halt their arms race, including that in outer space, and stop bullying the weak, meddling in other nations' internal affairs and violating their sovereignty.

China welcomes further dialogue between Western and Eastern Europe and their approach toward closer relations, he said.

Brandt said that the current world "is not finding itself in more security" and "the issues of peace and North-South policy have worsened and produced new problems." For 30 years, he said, there have been a lot of talks about disarmament, which has actually led to expansion of arms. The arms race is going on and speeding up despite the desire of the majority of countries for disarmament, he warned.

On common development, Brandt said the current world economic situation does not allow people to be optimistic about the future. No solution has been found to ease the debt crisis which is putting democracy and peace in danger, he said.

General Secretary Hu also pointed out that the gap between the North and the South is growing and hundreds of millions of people are going hungry. He said it is developed countries' obligation as well as an essential condition for their own continued economic growth to help Third World countries. The development of the world economy, including the prosperity of the developed countries, cannot be based on the poverty and backwardness of the Third World nations and the growing gap between the North and South, he said. He emphasized that it is an irreversible historical trend today to demand the reform of the irrational international economic order.

In the afternoon, the Chinese leader and his entourage visited Land North Rhine-Westphalia, Federal Germany's industrial center and homeland of famous poet Heinrich Heine, maestro of music Ludwig von Beethoven and great thinker Friedrich Engels.

Speaking at a dinner given by Minister-President Johannes Rau of the Land, the Chinese leader expressed satisfaction with the progress of economic and technological cooperation between the two countries over the past few years, and called for enhancement of the good relations. Two-way trade between China and Federal Germany reached about three billion U.S. dollars last year, nearly 10 times that of 1972. Technological cooperation between China and Federal Germany has been concentrated on diversifying and modernizing economy, training skilled personnel, tapping potential energy resources, and improving the measurement of product quality.

Vice Premier Li Peng, who is accompanying Hu on the official tour, visited Fried Krupp Group's Apprentice Training Center and its Industrietechnik company's workshops.

Hu, back to Bonn by helicopter after the dinner, is expected to meet Chancellor Kohl, President Richard Von Weizsacker, and other senior officials tomorrow. Hu is now on the second leg of his 16-day four-nation European tour which will also take him to France and Italy.

Hu on Open Door Policy

OW131144 Beijing XINHUA in English 1129 GMT 13 Jun 86

[Text] Bonn, June 13 (XINHUA) -- Hu Yaobang, general secretary of the Central Committee of the Chinese Communist Party, said here today that the opened door of China will never be shut again.

Addressing the Congress of Industry and Commerce of the Federal Republic of Germany this morning, Hu specified the open policy in the economic and technological fields as the following: to expand export and import, utilize foreign funds, introduce advanced knowledge of science and technology from abroad, learn advanced methods of enterprise management, open up coastal cities, establish special economic zones and develop various forms of economic and technological cooperation.

Hu said by the end of last year China had utilized over 20 billion U.S. dollars of foreign funds and approved the establishment of over 2,300 Chinese-foreign joint ventures, more than 3,700 cooperative enterprises and 120 enterprises with exclusive foreign investment. This is but a beginning, he said.

He said it is imperative for China to solve two major difficult problems: first, the need to clearly establish the guiding principle on the orientation and way of development and to formulate a whole set of policies suited to the conditions of China. Second, the need to obtain necessary funds, technology and trained personnel.

As for the first problem, the general secretary said, China has begun to reform the old highly-concentrated economic structure and is vigorously developing the planned commodity economy based on public ownership. The orientation of reform will remain unchanged, Hu declared.

As for the second problem, he said it is far from being solved.

Hu said cooperation among countries is "indispensable." "Prolonged self-imposed seclusion is one of the major causes of China's economic stagnation and backwardness over the past three or four centuries. Based on this realization, we are determined to pursue the policy of opening to the outside world for a long time to come," he concluded.

PRC-FINLAND RELATIONS 'DEVELOPING SMOOTHLY'

OW080056 Beijing XINHUA in English 0001 GMT 8 Jun 86

[Text] Helsinki, June 7 (XINHUA) -- Relations between Finland and China are developing smoothly and bilateral exchanges have increased, Finnish Health Minister Eeva Kuuskoski-Vikatmaa said today. Speaking at a meeting here to celebrate the 35th anniversary of the founding of the Finland-China Society (FCA), Kuuskoski-Vikatmaa noted that Finnish Foreign Minister Paavo Väyrynen and his Chinese counterpart Wu Xueqian have exchanged visits recently and Prime Minister Kalevi Sorsa will visit China this autumn.

She stressed that by promoting political exchanges as well as strengthening trade and cultural ties, both sides have demonstrated their desire to further bilateral cooperation.

Zhang Wenjin, president of the Chinese People's Association for Friendship with Foreign Countries, said that since the establishment of Sino-Finnish diplomatic ties in 1950, relationship between the two countries have been extremely harmonious. Zhang arrived here May 31 to attend the celebrations of the FCA anniversary.

During today's meeting, both Finnish and Chinese officials praised FCA for its contributions to the development of the Sino-Finnish relations. Set up in 1951, FCA now has more than 3,000 members.

FOREIGN MINISTER WU ON VISIT TO EUROPEAN COUNTRIES

HK110813 Beijing SHIJIE ZHISHI in Chinese No 9, 1 May 86 pp 2-3

["Seek Friendship, Strengthen Cooperation, Promote Peace -- State Councillor and Foreign Minister Wu Xueqian Answers Questions Raised by SHIJIE ZHISHI Reporter on His Trip to Western Europe and Scandinavia"]

[Text] Reporter: First of all, we thank you for your giving us this interview despite many claims on your time. You will visit seven Western and Northern European countries, namely, Finland, Sweden, Norway, Denmark, Belgium, Luxembourg, and Ireland, in late May. Could you please tell me about the purpose and significance of your visit to these countries?

Foreign Minister Wu: Under the present international situation, Western and Northern European countries are playing an increasingly important role in the cause of safeguarding world peace.

China sets great store by the development of our cooperative relations with Western and Northern European countries. In recent years, the foreign ministers of the seven countries have successively visited China. My visit to their countries will be the first visit by a Chinese foreign minister to these countries. China has good relations with all of these seven countries. During my visit, I will exchange opinions on the present international situation and on issues concerning world peace and bilateral relations with foreign ministers and other leaders of these countries. In Brussels, I will also meet with leaders of the European Community Council. To sum up, the purpose of my visit to the seven countries is to develop friendship, strengthen cooperation, and promote peace.

Reporter: What is the state of bilateral relations between our country and these European countries? What should we do to develop bilateral relations?

Foreign Minister Wu: China came into contact with the Western and Northern European countries long ago. After the founding of New China, our relations with these countries began a new chapter.

The Scandinavian countries established diplomatic relations with China in the early 1950's, and they were among the first Western countries to establish diplomatic relations with new China. Other countries established diplomatic relations with us later, and their relations with us developed very rapidly.

Especially in recent years, with the adoption of the opening up policy of our country, new developments have been made in our relations with these countries. The exchange of visits between senior government officials has obviously increased. The heads of state, parliamentary leaders, government leaders, and foreign ministers of these countries have successively visited China. Chinese Premier Zhao Ziyang and other Chinese leaders have also visited some of these countries. We have signed trade agreements, economic and technological cooperation agreements, investment protection agreements, and agreements on avoiding double taxation with most of these countries. Belgium, Denmark, Sweden, Finland, and Norway have offered loans on favorable terms to us. All this has effectively promoted bilateral economic and technological cooperation and trade between China and these countries.

Our economic and technological cooperation with them has made a good start. The cooperation is conducted in the forms of setting up joint ventures, carrying out cooperation projects in producing some specific products, and compensation trade.

The scope of cooperation is wide and involves the energy industry, transportation, communications, food processing, and the building materials industry. The cooperation projects have spread to many provinces and municipalities. In recent years, our trade with these countries has markedly increased. The total volume of trade increased by 30 percent between 1980 and 1985.

Our cultural exchanges with these countries are also making progress. We have signed agreements on cultural cooperation with most of these countries, and we have sent a large number of students to study in these countries.

China and these countries have no fundamental interest conflicts and have no historical problems to solve. We have many identical viewpoints on major international issues. Both China and these European countries are opposed to the arms race and stand for easing the international tension and safeguarding world peace. We all hold that all countries, no matter whether they are big or small, should be equal and should have an equal say in major international affairs. We all have sincere desires to develop economic and technological cooperation on the basis of equality and mutual benefit. China is a big, developing country which has rich resources and broad markets.

The seven countries I will visit are all rather developed countries. They have their own advantages and strong points. Although China's economic structure and developmental level are different from theirs, we can learn from their strong points to offset our shortcomings so as to promote each other's economic development.

In short, there is not only a solid foundation for us to develop relations with these Western and Northern European countries, but there is also great potential.

During my visit to these countries, I will discuss the ways to further strengthen our relations with leaders of these countries. I believe that through the efforts made by both sides, friendly cooperation between China and these seven European countries will certainly further develop.

Reporter: The seven countries you will visit are all small and medium-sized countries in Western Europe and Scandinavia. What is China's policy toward these countries?

Foreign Minister Wu: The social systems in these Western and northern European countries are different from ours, and there are also differences between us in historical backgrounds and cultural traditions. However, this does not hinder us from developing our relations on the basis of the Five Principles of Peaceful Coexistence.

China always highly values the development of her prolonged and stable friendship and cooperative relations with West European countries on the basis of safeguarding world peace and developing economic cooperation. This is an important part of our foreign policy. We not only attach importance to relations with big countries in Western Europe, but also set great store by developing relations with small and medium-sized countries in Western and northern Europe.

We respect the foreign policies of these small and medium-sized countries in Western and northern Europe, which they formulate according to their own national conditions. We appreciate their efforts to safeguard their national sovereignty and security. We support their efforts to play a more active role in international affairs.

Reporter: The small and medium-sized countries in Western and northern Europe have made great efforts for detente and disarmament. How do you appraise their efforts in this regard? Of what significance are these efforts to European peace and world peace?

Foreign Minister Wu: In recent years, the small and medium-sized countries in Western and northern Europe have formed an active force in Europe to strive for detente and disarmament. They have made useful contributions to the development of European cooperation and to the relaxation of the tension in Europe.

At present they are deeply upset by the escalation of the arms race between the two superpowers. They hold that the United States and the Soviet Union should carry out serious talks and reach a disarmament agreement without harming the interests of any third country, so as to ease the tense situation in Europe and in the world. They have exerted a positive influence through various channels to achieve this purpose. They have also made unremitting efforts to promote cooperation between West European countries, expand intercourse between Western Europe and Eastern Europe, and promote North-South dialogue. They are playing an increasingly important role in the international arena, and have become a major force for safeguarding European peace and stability, which can never be neglected. I believe that as time passes, the small and medium-sized countries in Western and northern Europe will play an even greater role in international affairs and will make greater contributions to the peace cause of Europe and the world.

WARSAW PACT PROPOSES EAST-WEST TROOP REDUCTIONS

OW120744 Beijing XINHUA in English 0724 GMT 12 Jun 86

[Text] Budapest, June 12 (XINHUA) -- The Warsaw Pact nations, ending their two-day summit here Wednesday, have proposed to the West a plan for massive reductions in arms and conventional forces from the Atlantic to the Urals.

A document produced by the Budapest forum calls for a first-step reduction of 100,000 to 150,000 soldiers over the next one or two years by both NATO and Warsaw Pact, including accompanying cuts of the tactical strike air forces. Those cuts would be followed by a 25 percent reduction of land and tactical air forces of the two military alliances by the early 1990's. Along with cuts in conventional armaments the Warsaw Pact appeal also calls for a reduction of nuclear operational-tactical weapons that have a range of up to 1,000 kilometers "in the zone from the Atlantic to the Urals."

The program is an elaboration of a plan broached in April by Soviet leader Mikhail Gorbachev, who proposed substantial cuts by the Warsaw Pact and NATO of all components of land and tactical air forces in Europe, including those of the United States and Canada. Gorbachev said the adoption of his proposal would make it possible to cut the knot which has strangled the unproductive central Europe troop reduction talks in Vienna for many years.

The Vienna talks on reducing the size of conventional forces in central Europe have been held for 13 years, but the two sides differ on how to enforce cuts.

NATO argued in April that it lacked sufficient details to respond to the proposal. NATO and the Warsaw Pact have an estimated five million troops stationed in Europe. According to the latest proposal, the 25 percent cuts would result in a reduction of "more than half a million personnel from each side."

According to reports from Brussels, a NATO spokesman said the Warsaw Pact proposals would be taken carefully into account. "It would be wrong to comment on the details before these ideas have been properly studied. But we certainly welcome all constructive contributions toward our objective," the spokesman said.

The Warsaw Pact statement was read to reporters by Miklos Barity, deputy Hungarian foreign minister and secretary general of the Pact, made up of the Soviet Union, Bulgaria, Hungary, Romania, Democratic Germany, Poland and Czechoslovakia.

Barity told a news briefing that the Warsaw Pact countries have also agreed to proposals for verification of arms reduction, including on-site inspection of disarmament and troop reduction efforts. He said member nations are prepared to introduce measures to monitor troop reductions through an "international consultative committee" with the participation of NATO and Pact countries, interested neutral and non-aligned states, and other European countries.

The issue of verification has long been a sticking point in the Vienna negotiations. Under the terms of the plan, the armaments and equipment subjected to reduction would be either destroyed or returned to the country of origin. These proposals, says the document, "could be discussed during the second stage of the conference on confidence-and security-building measures and disarmament in Europe." "It would also be possible to convene a special forum consisting of European states, the USA and Canada," it added.

GAS COMPANY CRITICIZED FOR MAKING ILLEGAL PROFITS

HK120705 Beijing RENMIN RIBAO in Chinese 8 Jun 86 p 2

["Newsletter" by reporter Pan Gang: "Henan's Nanyang City Liquified Gas Company Seeks Illegal Profits by Willfully Raising Product Prices"]

[Text] It has been learned from the State Administration for Industry and Commerce that, since the start of its business, the Nanyang City liquified gas company in Henan Province has made more than 1,686,000 yuan of illegal profits by various unjustifiable means. Two years have passed since its illegal activities were discovered by the Nanyang Prefectural Industry and Commerce Administrative Bureau and Price Control Bureau in 1984. But the company has not been dealt with properly.

The Nanyang City liquified gas company started business in April 1980. Based on the information supplied by users, the prefectural and city price control departments inspected the company in August 1981 for its violations of the price policy. It was discovered that the company had made 170,000 yuan of illegal profits by willfully raising the selling prices of liquified gas and cooking stoves. However, one of two responsible persons of the prefectural CPC Committee took the company under their protection and prevented the Industry and Commerce Administrative Department and the price control departments from dealing with the problem. Since then, the company has been emboldened by this support. In less than 4 years it has made more than 1,686,000 yuan of illegal profits. This includes more than 492,000 yuan of extra profits by raising the selling prices of steel bottles, cooking stoves, pressure-regulating valves, and rubber tubes; more than 294,000 yuan extorted from the units concerned; more than 790,000 yuan of extra expenses collected from budgetary users under various pretexts; and more 62,000 yuan of "extra profits" made by giving short measure.

The liquified gas company brazenly extorts ordinary users but gives the prefectural and city leading organs and "useful" departments special "preferential treatment." In the name of an "installment plan" (in fact no payments have been made), it delivered over 1,700 sets of liquified gas equipment, worth more than 225,000 yuan, to 43 units in the prefecture, city, and counties for free trial use. Of this total, over 900 sets were delivered to the leading organs of the prefectural CPC Committee and Commissioner's Office, the city CPC Committee and government, and the county CPC committees, as well as to some leading comrades.

The information supplied by the State Administration for Industry and Commerce shows that the Nanyang City liquified gas company has found an "umbrella" for itself by this move. Although the masses have lodged complaints everywhere, the company has always succeeded in "turning ill luck into good." After numerous investigations, the prefectural and city industry and commerce administrative departments and price control departments proved the allegations to be true. However, far from admitting its mistakes, the company distributed material everywhere, saying that the industry and commerce administrative departments and price control departments had retaliated against it.

A principal responsible person of the city CPC Committee threatened the prefectural Industry and Commerce Administrative Bureau and price control bureau by saying: "By so doing you have made the oilfield so afraid of being called an "oil despot" that it dares not supply us with gas. If the more than 10,000 households in Nanyang should go without gas, I am not in a position to assume this responsibility."

It has been learned that with the protection of a handful of local leaders, the principal leaders of this company are so unscrupulous that they even fling abuse at price control cadres to their face in the street. Since the economic inspection organs which uphold principle can find no support, their work is in a state of paralysis. Many people want to be transferred to other posts. A large number of cadres and people strongly call on the party and government leaders concerned to uphold the principle of party spirit and, proceeding from the desire to protect the interests of the party and the people, to smash the network of relationships and to thoroughly investigate and deal with the problems of the Nanyang City liquified gas company.

Commentator's Article

HK120731 Beijing RENMIN RIBAO in Chinese 8 Jun 86 p 2

[Commentator's article: "Safeguard the Authority of Economic Supervisory and Inspection Organs"]

[Text] The Nanyang City liquified gas company has occasioned the dissatisfaction of the masses by extorting customers in violation of the policy. Far from supporting the industry and commerce administrative organs and price control organs in dealing with the problem according to the law, a small number of people in the Nanyang prefectural and city leading party and government organizations have shielded the illegal activities of the company in various ways so that the case, which should have been easily dealt with, has "run aground" for over 2 years. This sets people thinking.

In recent years, with the in-depth development of the reform of the economic structure, most industrial and commercial enterprises have expanded decision-making power and have invigorated themselves. However, in violation of the relevant regulations of the party and the state, a number of enterprises and individuals have seriously infringed upon the interests of the state and consumers and discredited the reform by resorting to deception and willfully raising prices under all sorts of pretexts or by apportioning expenses in disguised form to extort the customers. In order to curb various illegal economic activities and to ensure the smooth progress of the reform of the economic structure, it is necessary to constantly strengthen the functions of economic supervisory and inspection organs at all levels and to step up control over industry and commerce, commodity prices, auditing, and taxation; it is necessary to have a contingent of economic law enforcement cadres who can uphold principle and enforce the law impartially.

A new requirement on economic management in the new period is to effect a change from mainly administrative means to mainly economic and legal means. Because ours is a country fairly strongly influenced by feudal ideas, quite a few people do not have a strong sense of the legal system. In work they are not good at giving play to the role of such economic law enforcement organs as industry and commodity price, and taxation. Some people even regard the organs which handle cases according to the law as "being in the way."

A small number of leading cadres substitute their words or posts for the law and willfully interfere in the independent handling of cases by the law enforcement organs. This practice has brought a lot of difficulties to the work of the economic supervisory and inspection organs at all levels and shielded and encouraged unhealthy practices and illegal economic activities. This is impermissible under party discipline and state law.

An important goal for party and government organs at all levels is to foster a sense of the legal system, to strengthen and improve economic supervision and inspection, and to support the vast numbers of economic law enforcement cadres in handling cases according to the law.

It is hoped that the leading party and government organs in Nanyang Prefecture and city will, as expected by the vast numbers of cadres and people, uphold the principle of party spirit and, proceeding from the interests of the people, actively support the industry and commerce administrative departments and price control departments in dealing with the Nanyang City liquified gas company, which has violated the law. It is also hoped that the leading organs concerned in various localities will conscientiously examine whether there are people or cases in their localities similar to those in Nanyang Prefecture. At the same time, we hope that the vast numbers of law enforcement cadres in economic supervisory and inspection organs will continue to carry forward the indomitable fighting spirit and, as soon as they discover cases, investigate them through to the end.

RENMIN RIBAO ON LOCAL GRAIN PRODUCTION

HK110807 Beijing RENMIN RIBAO in Chinese 2 Jun 86 p 2

[Article by Zhou Qiren, Du Ying, and Yang Jinglun of the Development Research Institute of China Rural Development Research Center of PRC State Council: "A Survey of the Grain Situation in Xiaogan Prefecture"]

[Excerpts] In 1985, when China implemented two policies in the rural areas -- that is, readjusting the production structure and reforming the system of unified and fixed purchase of farm produce -- its grain output decreased by more than 25 billion kilograms as compared with the previous year. Hence, the argument asserting that "the farmers are no longer interested in tilling the land" has become a major topic of conversation among the people in discussing the rural situation, causing concern among some people for the current situation and prospects of grain production.

1. With the Rapid Development of Industrial and Sideline Production, Will Grain Production Necessarily Shrink?

Xiaogan Prefecture in Hubei is close to Wuhan, which has good access to land and water transportation and numerous lateral economic ties with other parts of the country. Over the last few years, industrial and sideline production in the prefecture has rapidly developed. The development of the rural economy has the following characteristics:

1. Directly stimulated by the opening up of nonstaple food markets in cities, the production of commodity vegetables, fish, pigs, and poultry has gone up by a wide margin. Compared with the previous year, in 1985, the output of freshwater fish increased from 26 million kilograms to 36 million kilograms or more; the number of live pigs slaughtered rose by 11.9 percent; the output of poultry reached 17.17 million, up 20 percent; and the area of vegetable plots increased from 800 mu several years ago to 24,000 mu.

2. Township enterprises have developed rapidly. The total output value of the township enterprises in the prefecture in 1985 constituted 51.9 percent of the total rural product of society, and the number of people involved in the enterprises comprised 25 percent of the total rural workforce. The total output value of enterprises operated by units at the town and village levels was up 51.1 percent over the previous year.

3. More and more farmers have moved to cities to engage in industry and commerce. The number of farms who moved to Wuhan and nearby cities to engage in the building industry, commerce, and service trades throughout the year totaled 170,000. This, plus 40,000 people who moved to the cities and towns in the prefecture, made up 10.4 percent of the total rural work force.

4. The rural economic structure has undergone rapid change. Compared with the previous year, in 1985, the output value of the rural first industry increased by 3.3 percent, that of the second industry, 19.7 percent; and that of the third industry, 42.9 percent.

With the development of diversified undertakings, the "income gap" among different trades is revealing itself day by day. Calculated on the basis of the prefecture's statistics on specialized households, the annual income of laborers engaged in grain business was 1,202 yuan or only 83.6 percent of that of those engaged in the production of industrial crops, 96.1 percent of those in animal husbandry, 67.4 percent of those in fishery, 74.9 percent of those in transportation, 55.5 percent of those in the building industry, and 80.9 percent of those in commerce and service trades.

Those engaged in crop cultivation have the lowest income. This is a fact. By reforming the system of unified and fixed purchases of farm produce, the peasants are well positioned to respond independently to the "income gap." This is also a fact. According to the prevalent understanding, these circumstances will seemingly be apt to lead to a shrinkage in grain production but in reality, this is not the fact.

In 1985, Xiaogan Prefecture continued to reduce its area of land sown with grain crops and increase its area sown with industrial crops by 85,000 mu. Despite all this, its total grain output topped 2.43 billion kilograms, hitting an all-time high.

In 1986, the prefecture's grain production still shows signs of growth. Compared with the year before, the total area of land sown with summer crops increased by 2.9 percent and that sown with improved hybrid rice, by 80 percent. The indices of summer crop planting rose by 0.6 percent. According to the estimate of the relevant professional departments, the total grain output for this year will amount to 2.5 billion kilograms if no serious disasters occur.

To put it briefly, Xiaogan serves as a negative example when considering "the excessively rapid expansion of rural industry and sideline occupations is bound to lead to a shrinkage in grain production."

II. Circulation Has a Decisive Impact on the Grain Production Situation in the Near Future

Between 1979 and 1984, the peasants in Xiaogan Prefecture received continuous strong signals for boosting grain production.

The purchasing price of grain was raised by 30 percent and the price for above-quota grain by 50 percent, rural grain markets were opened, and grain purchases without restrictions were carried out for several years in succession. Peasant households that contracted for grain production promptly and enthusiastically responded to these signals. In 1978, the prefecture's total grain output was 1.62 billion kilograms; in 1984, it reached 2.42 billion kilograms or more, or an annual average increase of 6.9 percent.

Production of commodity grain has increased more rapidly. In 1978, the amount of grain purchased by the state throughout the prefecture totaled 206 million kilograms (or equal to 201 million kilograms of trading grain), comprising 16 percent of the total grain output; in 1984, it increased to 1 billion kilograms (801 kilograms of trading grain), constituting 41.2 percent of the total grain output. The amount of commodity grain purchased by the grain departments in 5 years alone increased by 28 percent, or an annual average rise of 25.2 percent.

This continuous superhigh growth rate is out of tune with the capability of the community's existing purchasing power. Grain prices on the market responsively indicated that the supply of grain exceeded demand. At the end of 1984, the price of rice in rural markets fell to 0.42 to 0.44 yuan per kilogram, or 30 percent less than in 1982. Not only was it lower than the state's price for purchasing above-quota grain (0.54 yuan per kilogram), but it was also slightly lower than the level of the proportional price as stipulated by the system under which grain is purchased at two price levels: Thirty percent is to be purchased at the old base price for mandatory state purchases and 70 percent at the old prices for purchasing above quota grain (0.45 yuan per kilogram).

The state-listed prices for purchasing grain failed to meet the needs of the drastic turn in grain supply and demand and, moreover, the amount of grain purchased was handicapped directly by the state's capacity to store grain and to offer financial subsidies. Therefore, no matter how loudly the slogan of "grain will be purchased without restrictions" was raised, in reality there existed restrictions on grain purchases by the state. The phenomena in which the peasants found it "difficult to sell their grain" could be found almost everywhere in Xiaogan Prefecture. Grain growers had to endure painful suffering.

The sharp drop in grain price on the market and the "difficulty facing farmers in selling their grain" gave the peasants a signal to lower the growth of grain production. In autumn 1984, the phenomena in which the area of land sown with grain crops and investment in grain production were reduced were relatively widespread. This was attributed to a drop of 46.7 million kilograms in the prefecture's output of summer grain in 1985. The decrease in grain production in 4 months time was 9.7 percent.

After July 1985, there was a rapid turn in the circulation situation. The news that grain was again in great demand in some other provinces and autonomous regions kept pouring into Xiaogan Prefecture. Last year nobody cared about the rice that was sent to Qinghai and sold at a price of 0.48 yuan per kilogram by the prefecture. Now, many grain transactions have been struck at a price of 0.56 to 0.64 yuan per kilogram with clients coming themselves to the prefecture. That the negotiated price of grain was up by 13.9 percent boosted an increase of 9.5 percent in grain prices in the rural markets. The peasants in Xiangnan Prefecture once again made a relatively quick response to this situation.

The prefecture's total output of autumn grain was 48.38 million kilograms more than the previous year, thus offsetting the reduced amount of summer grain. The grain output of the year still increased by more than 16 million kilograms.

This change indicates that the recent circulation situation and market changes have a direct and decisive impact on the situation of grain production.

III. Understanding the Peasants' Economic Behavior Is the Basis for Accurately Assessing the Situation

The active response of the peasants to market signals is determined by their economic status rather than by any beliefs.

The problem is that market supply and demand always fluctuate. Moreover, the response of the peasant households operating contract-based businesses on a small scale will more often than not intensify the fluctuation itself.

Every peasant household in Xiaogan Prefecture contracted on the average 4.98 mu of cultivated land. The amount of arable land per farmer is just 2.95 mu and that of productive fixed assets only 136 yuan. The economic strength of the basic production unit is limited. This determines that the peasant households are in no position to make "any headwind readjustments" against market fluctuations. What they can do is no more than working together to expand or reduce production if faced with any stimulative signal. Therefore, with the opening of markets in grain, industrial crops, and live pigs, there are bound to be price fluctuations on the market to some extent, sometimes moderate and sometimes drastic, thus forming an alternate vibration.

If this state of affairs continues unimproved for years, it will affect the stable market supply and have an adverse impact on the intermediate- and long-term improvement of agricultural production techniques, the direction of investment in agricultural production, and the formation of the economy of scale.

Therefore, the key problem following the opening of markets is how to effectively reduce the fluctuation of market supply and demand and how to concentrate on resolving the contradiction between "small-scale production and the big market."

However, on the contrary, it is precisely because the operations of the peasant households are small in scope and their economic strength is limited that it is not now easy for farmers to move in large numbers to the nonagricultural sectors at an excessively rapid pace. This has resulted in a shrinkage or decline in agricultural production.

To put it briefly, the fluctuation of market supply is caused chiefly by the changes in market grain prices and market controls rather than by imbalances resulting from the rapid expansion of nonagricultural production. Only when we correctly understand the peasants' economic behavior and comprehensively study and assess the situation can we suit the remedy to the case and firmly grasp the real key to the solution of the current grain problem.

IV. The Road of Expanding Trade in Which More Negotiated Prices Are Applied Is Feasible

Central Document No 1 of this year has made a policy decision on reducing the amount of grain purchased by the state through contracts and expanding the use of negotiated prices in the market.

The more commodities are sold, the greater their demand will be. Grain is no exception. When we left Xiaogan Prefecture, the prefecture received a document from the government at the higher level, a document that clearly states the assignment for purchasing grain for the state should be fulfilled really according to market demand and price changes and on no account should it be carried out merely as another task. After arriving home, we heard that the ban on restricting the export bulk of grain from the province had considerably been lifted. If so, grain circulation in Xiaogan Prefecture will become more smooth. Based on last year's grain purchase totaling 706 million kilograms, if 305 million kilograms of grain can be purchased and sold at negotiated prices by really following the laws governing the market, the task of purchasing 400 million kilograms of grain for the state through contracts can be assuredly fulfilled.

Evidently, reducing the amount of grain purchased by the state through contracts and expanding the trade in which more negotiated prices are applied is a feasible road of reform.

ARTICLE CONFIRMS SAFETY OF NUCLEAR POWER PLANTS

HK121546 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0259 GMT 12 Jun 86

["Beijing's ZHONGGUO HUANJING BAO Says Nuclear Power Stations Are Not Equal to Atomic Bombs" -- ZHONGGUO XINWEN SHE headline"]

[Text] Beijing, 12 Jun (ZHONGGUO XINWEN SHE) -- A Beijing newspaper, ZHONGGUO HUANJING BAO, today carried a signed article saying that nuclear power plants are not equal to atomic bombs because they are totally different in construction.

The article said: The central mechanism of a nuclear power station is the nuclear reactor, which is like an oven fueled by 2-4 percent low-enrichment uranium-235. The uranium undergoes a controlled process of nuclear fission in the nuclear reactor, slowly giving out tremendous reaction energy (which will never cause an explosion), and thus generating constant power. At the same time, the reactor constantly gives out thermal energy which heats water into steam. The steam, in turn, drives the electric generator, finally transforming nuclear power into electrical energy. As for the atomic bomb, the main raw material used to make an A-bomb is the approximately 100 percent high-enrichment uranium-235. The uncontrolled violent nuclear fission which takes place within an extremely short time can generate a great amount of energy and initiate a formidable explosion and radiation in just a few seconds. It is thus an extremely powerful antipersonnel weapon.

The article said: Practice has shown that nuclear power generation is a mature technology and nuclear power plants can economically match thermal power plants. In addition, as all the waste water drained from nuclear power plants undergoes a strict purification process, pollution caused by nuclear power plants is much slighter than that by thermal ones.

The radioactive fallout from the Soviet Chernobyl nuclear power plant has caused widespread panic at home and aroused strong reaction abroad. As a result, some people have related nuclear power stations to the atomic bomb that exploded over Hiroshima. In fact, this is a pure misunderstanding. Nuclear power plants are basically safe and radioactive fallout is very rare.

It is reported that China is actively and cautiously developing its nuclear power generating technology.

CIVIL AFFAIRS MINISTER ON SOCIAL WELFARE WORK

HK121440 Beijing BAN YUE TAN in Chinese No 10, 25 May 86 pp 14-17

["Work for the Benefit of the Orphans, the Old, and the Disabled -- Vice Minister of Civil Affairs Zhang Ming Answers BAN YUE TAN Reporter's Questions"]

[Text] Vice Minister of Civil Affairs Zhang Ming has been engaged in personnel and civil administration work for many years. Recently, she answered some questions raised by our reporter on the development of social welfare work in China's cities.

Question: What are the main jobs in social welfare work in China's cities, and what is the significance of doing a good job in this field?

Answer: Social welfare covers a wide range of fields. With regard to social welfare work in the cities, which is undertaken by the civil administration departments, there are the following main jobs to do: taking in and settling old people who do not have relatives to depend on; carrying out social welfare production and employing the blind, the deaf, the dumb, and the disabled; housing, educating, and raising handicapped and orphaned children; providing social relief; exercising management over some welfare institutions for mental patients; and carrying out the production of artificial limbs and orthopedic appliances for all kinds of deformities. Social welfare work plays the role of regulating the relationship between all members of the society in regard to their material benefit. Therefore, the development of this undertaking is one of the important symbols of social progress. Doing a good job in this field is an important condition to ensure the smooth progress and success of the reform of our economic structure and a matter of fundamental importance for establishing a good social order and realizing eternal peace and stability in our country.

Question: What are the new developments over the past few years in social welfare work in the cities?

Answer: Since the founding of the state, our party and the people's government have attached great importance to social welfare work. Over the past few years, there has been a relatively great development in this respect. At present, more than 37,000 old people without relatives to depend on live in 743 welfare institutes run by the civil administration departments; and 63 government-run welfare institutes house more than 10,000 orphans and handicapped children. In addition, more than 19,000 mental patients are receiving treatment or recovering in 121 mental institutions. With the continual improvement of the economic situation, there have appeared three fundamental changes in social welfare work in the cities: changing from the system of state monopoly to the system of being jointly run by the state, the collective, and the individual; changing from the social relief-type work to the social welfare type, and changing from merely providing food and clothing to combining it with health recovery. Now the neighborhood committees of many cities and some towns have collected funds to run collective welfare institutes in order to settle old people without relatives to depend on as well as orphaned and handicapped children. In Shanghai, some 36 old folks' homes, 24 homes for disabled and handicapped children, and 42 service centers for lonely old people have been established by neighborhood committees, and various welfare institutes have been established at the city, district (county), subdistrict, and neighborhood committee levels, with the neighborhood committee as the basis, thus forming a "network of service centers" for the aged, and handicapped, and orphaned children.

In Beijing, 33 old folks' homes have been established and 2,700 groups of volunteers have been formed by the neighborhood committees to help the old and disabled. In Guangzhou, there are 24 old folks' homes run on a community basis. Tianjin has also established some long-life institutes for the aged. To rely on social forces and develop social welfare work in various forms is the orientation for the development of this work in our cities.

Children's welfare institutes run by the local people have also appeared in Sichuan's Deyang City and Guangdong's Guangzhou City. This is a good beginning, though the number of such institutes is still few.

Along with the development of the national economy, those who have been accepted by the welfare institutes have also become masters of the institutes rather than being merely provided for. In some welfare institutes, the system of workers' representative assembly with the participation of aged people and the democratic management committee with the aged people as the main body and the participation of relevant working personnel have been established. Some welfare institutes have carried out production activities to improve the living standards of the people living there. As a result, their living conditions in various areas including clothing, food, housing, and medical treatment have been greatly improved. The social welfare institutes have also paid attention to making the environment beautiful, green, and clean so that aged and handicapped people may live in a more beautiful and comfortable environment.

Since 1982, with the financial aid of the United Nations Children's Fund, the Ministry of Civil Affairs has run four sessions of training classes for medical workers engaged in health work for disabled and handicapped children, and has trained 215 such personnel. Functional training for disabled and handicapped children was also started throughout the country in 1985. According to incomplete statistics, nearly 2,000 such children are receiving various kinds of functional training at present, and the rate of effectiveness of such training is as high as 80 percent.

Question: How many types of welfare production do we have at present?

Answer: At present, we have five types of social welfare production in our country: 1) social welfare factories directly run by civil administration departments; there are a total of more than 1,800 such factories in our country now, with some 200,000 workers; 2) welfare factories and production points run by the neighborhood committees; there are more than 8,500 such factories throughout the country, with more than 230,000 workers; 3) social welfare factories run by industrial and mining enterprises in order to employ the blind, deaf, dumb, and handicapped children of their workers; 4) welfare production organized by towns and townships in order to employ the blind, deaf, dumb, and handicapped people in towns and townships and some parts of the countryside; there are more than 2,100 such production units throughout the country, employing more than 123,000 people; 5) self-employment; that is, with the support of the government, the blind, deaf, dumb, and handicapped people give play to their specialties in various fields and engage in certain productive labor such as repairing and other service work.

At present there are a total of 14,000 social welfare enterprises in China's towns and cities, with 550,000 staff members and workers, including some 200,000 disabled and handicapped workers. They create an output value of 3 billion yuan a year and reap a profit of 350 million yuan.

Over 70 percent of the handicapped people who can work are now employed, and there is 100 percent employment in some cities such as Dalian, Shenyang, Shijiazhuang, Changzhou, and Shashi.

Question: Are there still any problems in the current social welfare work in the cities?

Answer: While the construction of socialist modernization and reform of the economic structure are being carried out in depth, there have also appeared some new situations and new problems in our social welfare work in the cities: 1) Changes have taken place in the population structure. The number of aged people and retired personnel has been increasing rapidly, but the development of our social welfare work still cannot suit the needs of this situation. Social welfare work should have some new contents so that the new social problems can be solved well. 2) Since our social welfare work is being taken care of by many government departments separately, the phenomena such as overlapped leadership and work, shirking responsibility, and weakening of efforts in this work have appeared. 3) The problem of making proper arrangements for the placement of both old and young mental patients has not been fundamentally solved, and the masses still have trouble back at home. 4) There are insufficient funds for development of social welfare work and the welfare facilities are basic. The work concerning correction of the deformities is still a weak link.

Question: What are the jobs we should pay particular attention to in order to promote our social welfare work in the future?

Answer: First, it is necessary to strengthen socialized management, continue to follow the orientation of reform with stress on strengthening socialized management, and carry out coordination and share work among specialized departments, and to give play to the role of functional organs, work out unified plans, coordinate our activities in a comprehensive way, and conduct scientific management.

Second, it is necessary to take in more of those who "have no homes" who "have no relatives to depend on," and who "have no source of income" and to further tap potential and create conditions to promote this work and take in more retired old people who have no relatives to depend on as well as the disabled and mental patients at their own expense.

Third, it is necessary to give full play to the role of the communities and neighborhood committees in social welfare work, forcefully develop the network of social welfare based on communities and neighborhood committees, and make positive efforts to popularize their experience in this field.

Fourth, it is necessary to make both long-term plans and short-term arrangements and adopt various forms to train large numbers of qualified and professional medical workers and to run national-level training classes well.

Fifth, it is necessary to solve the problem of funds. Apart from the special fund established by the state for developing social welfare, which is a guarantee for the development of this work, it is also necessary to rely on the funds collected by the society and the collective to promote social welfare work.

MINISTER REAFFIRMS JOINT VENTURE POLICY

OW130619 Beijing XINHUA in English 0535 GMT 13 Jun 86

[Text] Beijing, June 13 (XINHUA) -- China has 6,300 businesses involving foreign investment, including 2,300 joint ventures, according to Zhu Rongji, vice-minister of the State Economic Commission.

At a meeting on Sino-foreign joint ventures, the vice-minister noted that the majority of joint ventures have obtained good economic returns.

The 27 Chinese representatives and 12 overseas investors attended this meeting cosponsored by the China Industrial Economics Society and the Institute of Industrial Economics under the Chinese Academy of Sciences, to sum up experiences in running joint ventures.

The experience of the China-Schindler Elevator Co. Ltd attracted the attention of the representatives at the meeting with advanced Swiss technology, which it introduced five years ago, the company produced 1,050 elevators last year, doubling the output previous import of technology. With quality up to international standards, its products earned 12 million U.S. dollars, balancing its foreign exchange position.

The company's profit has totalled 47 million yuan over the past five years, doubling the original investment. It began to turn out elevators controlled by microcomputers last year. The company is also developing microcomputer-controlled, high-speed elevators.

The essence of the successful joint ventures, including the elevator company, lies in support from governments at all levels and implementation of state decrees and regulations concerned, faith and understanding on both sides, Zhu said. Both sides must also make efforts to solve problems through consultation and stress long-term mutual interest. Other important areas to stress, according to the vice-minister, are feasibility studies and restructuring management system while determining correct goals of operation and technological progress.

Representatives reported that the major questions and difficulties of joint ventures come from difficulty in maintaining a foreign exchange balance, lack of a unified governmental department to handle the affairs of joint ventures and sometimes interference from some Chinese administrative departments.

Vice-Minier Zhu attributed some problems to lack of experience, effect of macro-economic control measures on the market, and outdated management.

To solve these problems, he said, China has adopted measures to improve macro-economic control and expand both Chinese and international markets for joint ventures since last year.

To balance the foreign exchange situation of joint ventures, the Chinese Government issued a regulation in January this year, including measures to spur their exports and allow joint ventures to balance foreign exchange among themselves.

He assured joint ventures that they would be granted full autonomy, especially in labor and personnel matters.

Zhu said that though the pioneers of joint ventures in China take some risks, the Chinese side shares the risks. With the backing of the Chinese Government, he believes that the joint venture will succeed through the combined efforts of both sides.

He also disclosed that the State Economic Commission has set up a coordinating center for external cooperation of medium-sized and small enterprises.

MINORITY AREA PARTY RECTIFICATION FORUM ENDS

OW130519 Beijing XINHUA Domestic Service in Chinese 1555 GMT 12 Jun 86

[By reporters Xi Yongnian and Chen Huiming]

[Text] Lanzhou, 12 Jun (XINHUA) -- A national forum on party rectification in areas inhabited by minority nationalities and remote areas closed in Lanzhou 11 June. The forum pointed out that, in order to eliminate the backwardness in these areas as quickly as possible, it is necessary to carry out party rectification in accordance with actual situation in each area, promote reform, political stability, and unity in the course of party rectification, build grass-roots party organizations into a strong nucleus in leading these areas to rid themselves of poverty, and encourage party members to help the masses become better off.

Attending the forum were representatives from 11 provinces, and autonomous regions, namely Nei Monggol, Xinjiang, Ningxia, Xizang, Qinghai, Gansu, Sichuan, Guizhou, Yunnan, Guangxi, and Hunan. Over 60 million people of some 50 minority nationalities are living in these areas where, due to poor natural conditions and backward economy and culture, grass-roots party organizations are rather weak. Successful party rectification in these areas will be of great significance in strengthening unity among nationalities, consolidating national defense, and developing political stability and unity. The forum pointed out that party rectification in these areas should be focused on building up the leading bodies by investigating cases involving abuse of power and violation of law and discipline by cadres at the district, township, and village levels. It is also necessary to conduct education on the rudiments of the party, its current policies, and the policies regarding nationalities and religion. Party members should observe the customs and habits of local minority nationalities. Cases involving gambling and practicing superstitions should be duly handled according to party discipline.

The representatives also discussed questions concerning implementation of the policies regarding minority nationalities and religion in the course of carrying out rural party rectification in these areas. The forum was held in Lanzhou from 5 to 11 June.

FANG YI PRESENTS CUP TO YOUNG 'GO' CHAMPION

OW100259 Beijing XINHUA Domestic Service in Chinese 1430 GMT 9 Jun 86

[By reporter Zhang Baorui]

[Excerpt] Beijing, 9 Jun (XINHUA) -- State Councillor Fang Yi, smiling radiantly, handed the "Child Prodigy" cup to the champion in the current invitational Go chess tournament at the Great Hall of the People this afternoon. The winner was Chang Hao, a 9-year-old player from Shanghai.

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CHINA
PRC NATIONAL AFFAIRS

BOOKS ON MAO ZEDONG, ZHOU ENLAI TO BE PUBLISHED

OW100759 Beijing XINHUA in English 0731 GMT 10 Jun 86

[Text] Beijing, June 10 (XINHUA) -- Today's cultural news in brief:

"Reading: Mao Zedong's Hobby" to be published

A book about the reading activities of Mao Zedong, late chairman of the Chinese Communist Party, has been compiled by the party Literature Research Center of the Chinese Communist Party's Central Committee and will be published by the Joint Publishing Co. to mark the 10th anniversary of Mao's death, which falls on this September 9.

"Reading: Mao Zedong's Hobby," the 150,000-word book, was written according to the experience of those persons who worked with Mao for a long time. It gives an overall picture of what and how Mao Zedong read, as well as his study of foreign languages in a self-taught way. It also describes Mao's reading habit and style and his opinions on reading, commenting, borrowing and collecting books.

Chinese version of "Zhou Enlai -- a Profile" to be published

The Chinese version of "Zhou Enlai -- a Profile" will be published together by the People's Publishing House and the Foreign Languages Press this September.

Written in English by a Chinese couple, Fang Jucheng and Jiang Guinong, the 180,000-word biography has 10 chapters. Abounding in historical materials and vivid descriptions, it tells the life story and the political career of Zhou Enlai (1898-1976), late premier of China. It also mentions many political figures, including Mao Zedong, Liu Shaoqi, Zhu De, Deng Xiaoping, Zhao Ziyang, Ye Jianying, Soong Ching Ling and Liao Zhongkai.

The English version was published in January this year.

Another "Selected Works of Chen Yun" published

"Selected Works of Chen Yun" (1956-1985), compiled by the Editorial Committee on party Literature of the Central Committee of the Chinese Communist Party, has been published by the People's Publishing House this month.

The book has 56 works between September 1956 and September 1985 of Chen Yun, a leading figure of the Chinese Communist Party. Most of the works have never been published before. They mainly deal with socialist economic construction and Communist Party's ideology, style and building.

The first selected works of Chen Yun, which consists of Chen's works between 1926 and 1949, was published in January 1984.

WORK STOPPED ON UNAUTHORIZED CONSTRUCTION SCHEMES

OW190940 Beijing XINHUA in English 0756 GMT 19 May 86

[Text] Beijing, May 19 (XINHUA) -- The government has ordered work to stop on 106 unauthorized construction schemes which were started in the last three months of 1985, today's ECONOMIC DAILY reported.

The authorities investigated a total of 763 such schemes outside the state budget all over China during the first three months of this year after a State Council ruling to clamp down on runaway capital construction.

Of these, work on 148 projects -- mainly housing and cultural, educational and public health facilities -- was allowed to continue. The 106 halted schemes are mainly office buildings.

The newspaper said final decisions had yet to be made on the other 509 projects. The government was determined to prevent unauthorized construction from draining the country's economy.

Ma Hong, director of the State Council's economic technological and social development research center, said recently that careful planning of investment was required to produce the best economic results.

STATE COUNCIL DEFINES AUTHORITIES OF COLLEGES

OW070809 Beijing XINHUA Domestic Service in Chinese 1140 GMT 4 Jun 86

[Text] Beijing, 4 Jun (XINHUA) -- In a recent circular on promulgating the "Provisional Regulations on the Responsibilities in Administering Higher Education," the State Council stressed that strengthening and improving the state's macroscopic guidance and administration of higher education, and expanding the authorities of colleges and universities are important for implementing the "CPC Central Committee's Decision on Reform of the Educational System."

The "Provisional Regulations on the Responsibilities in the Administration of Higher Education" explicitly outlines the responsibilities of the State Education Commission, the departments concerned of the State Council, as well as the provincial, autonomous regional, and municipal people's governments in administering higher education. It also contains specific provisions on expanding the authorities of colleges and universities.

In order for institutes of higher education to better meet the needs of economic and social development, the "Provisional Regulations on the Responsibilities in Administering Higher Education" contains the following features regarding expanding the authorities of colleges and universities:

1. Provided that the state plan for the training of qualified personnel is fulfilled, a college may conduct educational courses in other departments or localities in coordination with other colleges in the proportion set by the state. It may be entrusted to train students and it may enroll students who are financing themselves. It may present plans and suggestions on the sources of students, and, in compliance with pertinent state regulations, enroll students, and disqualify or otherwise deal with students who fail to meet requirements. It will implement the job assignment plan for graduates formulated by the state, plan for the assignment of its graduates, and recommend its graduates to units in need of qualified personnel.
2. Provided that the principle of administering a school through diligence and frugality is followed and the state financial regulations are observed, colleges and universities may apply the principle of "sharing responsibilities in the use of funds, getting no reimbursement for the overspent funds, retaining leftover funds, and achieving budgetary balance on their own" which is in use in the management of funds and budgets. They may use the annual administrative expenses approved by the departments in charge.

Revenues that colleges and universities make by training students entrusted by others; enrolling students who are financing themselves; sponsoring special refresher courses for cadres, correspondence courses, and evening universities; and providing social, technical, and consulting services shall be used on developmental projects, collective welfare, and individual rewards in accordance with the pertinent state regulations.

3. Colleges and universities may select the designing and construction units they consider the best if they comply with the overall design, planning, and long-range and annual capital construction plans approved by the departments in charge, and if a system of investment responsibility is in force between them and the departments in charge. They should guarantee investment turnover. Then, with the approval of the departments in charge, they may examine the designing documents, and readjust the long-range and annual capital construction plans. The system of investment responsibility will be instituted. Leftover funds will be retrained for future use. Overspent funds will not be reimbursed.

4. Colleges and universities may use their authorities in regard to the management of cadres. In compliance with the stipulations on the requirements for cadres, the number of cadres allowed, as well as the steps for selecting them, the president may suggest to the higher level the appointment and removal of the vice president, the appointment and removal of administrators at all levels, and the hiring or dismissal of teachers, workers, and staff.

5. Colleges and universities with approval may follow the pertinent state regulations, and evaluate the job qualifications of associate professors. A few colleges and universities meeting certain requirements may evaluate the job qualifications of professors. They may decide on the disciplines and specialties on which a masters degree may be conferred, and may appoint additional instructors for doctoral candidates.

6. In accordance with the educational principles and policies of the party and the state, as well as the terms of study, and the requirements for training, colleges and universities may readjust the service orientation of their specialties to meet the needs of society; draw up teaching plans (training programs) and teaching outlines; select teaching materials; and adjust the contents of subject matters and teaching methods.

7. After fulfilling the state plans for scientific research projects, colleges and universities may decide to bid for scientific research projects, be entrusted to undertake scientific research projects, and provide technical and consulting services for the society at large.

If it is not necessary for the departments in charge to increase investment in capital construction projects, administrative expenses, and working personnel, colleges and universities may decide to establish scientific research institutes, or teaching, scientific research and production complexes on their own, or they may cooperate with other units in running these facilities. They may accept financial aid from enterprises and decide on where the funds should be used.

8. As far as state foreign policy and the pertinent regulations allow, colleges and universities will actively carry out exchanges with foreign countries.

All funds raised by the schools (including foreign exchange they retain), financial aid deemed acceptable with the approval of the departments in charge at the next higher level, or funds that fall within the foreign exchange quotas may be used in deciding on the number of outgoing or incoming personnel for academic exchanges. Schools with the necessary approval may be responsible for the political examination of the outgoing personnel.

LEADERS WATCH PLA ENGINEERING DEMONSTRATION

OW110335 Beijing XINHUA Domestic Service in Chinese 1423 GMT 10 Jun 86

[By reporters Yi Jianru and Chen Xiangang]

[Text] Beijing, 10 Jun (XINHUA) -- The Engineering Corps, of which the main tasks are to "cut paths through mountains and span rivers by bridge," held an engineering equipment demonstration somewhere in north China today. The demonstration showed the new appearance of the Engineering Corps on the road to modernization.

Leading comrades watched the demonstration. They included Yang Shangkun, Yang Dezhi, Yu Qiuli, Qin Jiwei, Chen Muhua, Wang Zhanguo, Li Desheng, Gu Mu, and Hong Xuezhi.

At 9:30 am, guns and demolitions erupted and cordite smoke filled the drill ground soon after two signal flares soared into the sky.

During the demonstration, all kinds of bulldozers, excavators, and trench-diggers gave full lay to their remarkable function in building field fortifications, digging trenches, building roads, and removing such obstacles as triangular blocks and cement stakes. Spades and picks, used in the past, have disappeared.

The demonstration of rocket minelaying and minesweeping was amazing. After a continuous chain of rockets, leaving long trails of fire, were fired, many small white parachutes, each with a land-mine hanging below it, opened in the distance and slowly descended into a designated area. Soon after the mines were laid, minesweeping vehicles launched rockets into the mined area. Then, the mines were detonated consecutively as flames leaped and blasts reverberated in the mined area.

The bridge-building demonstration was an eye-opener. During the revolutionary war, the Engineering Corps of the older generation used simple wooden boats and bamboo rafts to fight their way across rivers. With the development of the national economy, bridge-building in the Engineering Corps today has entered a new stage. During the demonstration Engineering Corps fighters built heavy and light mechanized bridges, and used bridge-laying tanks. The specially-designed tank carries a two-section folding bridge on its back; and it can, with its own power and equipment, unfold and extend the bridge. It took the tank a few minutes to construct the bridge, which is more than 10 meters long.

The construction of a belt-type boat bridge across a wide reservoir soon began. Amphibious vehicles, carrying something like accordions, came to the water's edge. An amphibious vehicle entered the water first, became a boat, and extended itself into a section of bridge. Then, the second and third vehicles successfully entered the water and formed additional sections of the bridge. After the sections were connected, a spectacular bridge spanned the reservoir. Tanks, armored cars, self-propelled artillery, rocket minelaying and minesweeping vehicles crossed the stable bridge successively.

NI ZHIFU CALLS FOR TIANJIN-ZHUHAI LATERAL TIES

HK070152 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 6 Jun 86

[Text] According to ZHUHAI TEQU BAO [ZHUHAI SPECIAL ZONE JOURNAL], Ni Zhifu, member of the Political Bureau of the CPC Central Committee and Secretary of the Tianjin Municipal CPC Committee, said during a recent inspection of Zhuhai City that Zhuhai is correct in applying the method of importing from abroad and linking up with units in the interior in developing externally-oriented industry. Tianjin and Zhuhai should support each other and actively develop lateral economic ties.

Comrade Ni Zhifu praised the methods of various enterprises including the compressor plant in selectively importing advanced technology and equipment. He said: Apart from importing advanced technology and equipment, we must also do a good job in absorbing and digesting them. He said: In developing industry, we must start with developing the three basics -- basic industry, basic raw materials, and basic parts -- and organize things on a small but good scale rather than on a large and complete one. We should organize socialized and specialized production.

Ni Zhifu attached great importance to developing economic ties between Tianjin and Zhuhai. While inspecting the special zone [words indistinct] jointly operated by Tianjin and Zhuhai, he said to the Tianjin technicians: You must wholeheartedly help the Zhuhai [words indistinct], and also bring back to Tianjin Zhuhai's advanced experiences and techniques.

HAO JIANXIU ATTENDS SHAOXING OPERA PERFORMANCE

OW061051 Hangzhou ZHEJIANG RIBAO in Chinese 27 May 86 p 1

[Dispatch by ZHEJIANG RIBAO reporter Yuan Yaping from Beijing on 26 May]

[Excerpts] Firmly holding the hands of members of the Ruian Shaoxing Opera Troupe, Hao Jianxiu, member of the Secretariat of the CPC Central Committee, told them: "Thank you for performing at the Huarentang Hall in Zhongnanhai. I wish you greater successes in performing Shaoxing opera!" The richly ornamented Huarentang Hall appeared especially magnificent as the exotic and splendid play "Princess of the Ocean Kingdom" was staged this evening.

Also attending the performance were Chen Zuolin, secretary of the Central Discipline Inspection Commission, and Zhu Houze, director of the Propaganda Department of the CPC Central Committee.

ZHANG JINGFU ON ADOPTING INTERNATIONAL STANDARDS

OW060540 Beijing XINHUA Domestic Service in Chinese 1322 GMT 5 Jun 86

[By reporter Ge Renxing]

[Text] Beijing, 5 Jun (XINHUA) -- Our country will adopt a series of reform measures to urge enterprises to raise their technological levels and product quality according to international standards in order to increase their ability to earn foreign exchange through exports during the Seventh 5-Year Plan. The state will positively adopt international standards, set high national standards, and no longer accommodate itself to enterprises' current productive technology, equipment, and managerial levels.

This information was provided by a national conference on adoption of international standards, which ended today. Several leading comrades of the State Council gave important written instructions on this conference. State Councillor Zhang Jingfu attended and addressed the conference today. Zhu Rongji, vice minister of the State Economic Commission, explained our country's specific policies for accelerated adoption of international standards.

A leading comrade of the State Council pointed out: An all-round, accelerated adoption of international standards and advanced world standards is an important measure for implementing the policy of opening to the outside world and improving the quality of our products. This is an arduous or even exceedingly difficult task, which must be carried out in a planned way and step by step. This task must be accomplished in the spirit of reform. Standards should be set according to different grades, and economic means should also be used.

In his speech Zhang Jingfu stressed: The quality of our products is now poor, and they lack competitiveness on the international market. The first problem in this regard is that such products are produced according to low standards. He said: Quality products cannot be produced without setting high standards and strict requirements. He said: Whether we can raise the quality of our products to a new level is a crucial matter depending on the steady development of the four modernizations. It is an arduous task to adopt international standards during the Seventh 5-Year Plan. It will not work if we stay in a rut, stick to conventions, and continue to use old methods. Through reform, it is necessary to bring into play the roles of various trades, professions, and departments as well as the initiative of both central and local authorities and to make concerted efforts to carry out this task. Leadership should be strengthened in this regard, and economic policies and measures should be laid down and implemented in order to arouse enterprises' enthusiasm for adopting international standards.

According to a briefing by Zhu Rongji, our country will accelerate its adoption of international standards and at the same time take proper steps in this regard by proceeding from enterprises' actual conditions. State standards for the quality of products will be set according to different grades. A product whose quality reached the advanced world level will be classified as the highest-grade or superior-quality product; a product whose quality meets acceptable international standards will be classified as a middle-grade or first-rate product; and a product whose quality is up to the advanced domestic level will be classified as a low-grade or up-to-standard product.

Corresponding economic policies include measures to increase the difference between prices for products with different kinds of quality as well as preferential and rewarding policies to be implemented toward enterprises producing superior-quality or first-rate products. For a certain period of time, an enterprise whose profits increase by turning out good-quality products may retain most of its profits, which will be used mainly for technical transformation and the improvement of its workers' and staff members' welfare. A certain portion of such profits used as a bonus can be tax exempt. Enterprises making poor-quality products will be taxed as a penalty. Various industries and departments should periodically determine the lists of poor-quality products in coordination with tax departments every year. Enterprises should make plans to improve the quality of their products up to standard and carry out such plans within a specific time.

Conditions vary from enterprise to enterprise in our country, and the state has not yet set standards for the quality of some products.

In view of the situation, local authorities may set standards for the quality of such products according to high and strict requirements. Such local standards will be a supplement to state standards. To quickly set state standards the authority to examine and approve standards for the quality of products will be delegated to lower levels. In accordance with a unified program, departments in charge of various industries will set state standards for the quality of products by their industries and examine and approve the quality of their products according to such standards; these state standards should be reported to the State Standardization Bureau for promulgation in order to institute a responsibility system in this regard.

ZHANG JINGFU VIEWS INDUSTRIAL SURVEY WORK

OW100227 Beijing XINHUA Domestic Service in Chinese 1406 GMT 9 Jun 86

[Text] Beijing, 9 Jun (XINHUA) -- After 5 months of hard work, more than one million industrial surveyors have finished filling out the forms for the second national industrial survey. Zhang Jingfu, state councillor and head of the leading group for the national industrial survey, called on the surveyors in various localities to continue to work hard and to do a good job in processing and analyzing the compiled data.

After more than two years of preparatory work, China began formally conducting the second national industrial survey this year. In order to do a good job in filling out the industrial enterprises survey form, the surveyors of various districts, departments, and enterprises have conscientiously compiled the various original records, verified all data and filled out the forms for the survey of some 400,000 industrial enterprises throughout the country.

At today's meeting on the work of the second national industrial survey, Zhang Jingfu said: We have attained tremendous achievements in doing industrial survey work in the past. However, we still have some work to do such as processing, analyzing, studying, utilizing, editing and publishing the compiled data. Therefore, we must consolidate and strengthen the various organs and bolster the various staffs for conducting survey instead of disbanding the organs and withdrawing the personnel. He pointed out: The current industrial survey is rich in content and extremely useful. It can be used to study many issues. Therefore, we must do a good job in analyzing and studying the data compiled from the survey. From the microeconomic point of view, we must understand the superiority of the enterprise, determine its weaknesses, fully tap its technical progress, and raise its economic efficiency. From the macroeconomic point of view, we must analyze and study the data compiled from the industrial survey in order to tackle the important issues of reforming structures such as pricing, taxation, investment in fixed assets, wages, and lateral economic ties. We should also analyze and study the data compiled from the industrial survey to help tackle some major issues listed in the "Seventh 5-Year Plan" such as the strengthening of macrocontrol and the improvement of macroeconomic management.

In conclusion, Comrade Zhang Jingfu pointed out: We must start well and end well, and do a good job in fulfilling our task in conducting industrial survey. We must be farsighted and realize that the current industrial survey is of great immediate significance and far-reaching importance and that it is also a valuable property to be left to the coming generations.

BO YIBO INSPECTS JIANGSU PROVINCE 29 MAY-8 JUNE

OW100227 Beijing XINHUA Domestic Service in Chinese 1448 GMT 9 Jun 86

[By reporter Mou Weixu]

[Excerpts] Nanjing, 9 Jun (XINHUA) -- During a recent inspection tour of Jiangsu, Bo Yibo, vice chairman of the Central Advisory Commission, encouraged cadres and working people to persistently carry out reforms, to be bold in smashing the shackles of old systems, and to gain more experience in instituting and improving new systems.

Bo Yibo inspected factories while traveling from Wuxi to Nanjing through Changzhou between 29 May and 8 June. While in Wuxi County's Qianzhou Township, Bo Yibo inspected a township-run wool-dyeing mill and a village-run printing and dyeing equipment plant. Bo Yibo pointed out: Qianzhou Township is now using the method of subsidizing agriculture by industry, developing agriculture by developing industry, and integrating agriculture with industry. This is very significant for the broad masses of peasants who are following the road to common prosperity. Village and town industries, a product of reform, should also be developed through reform. It is necessary to conscientiously sum up experiences and, in the spirit of reform and with reform methods, to surmount various difficulties in running village and town enterprises so that the further development of such enterprises will be promoted. While in Nanjing, Bo Yibo visited the Huadong Electron Tube Plant, a state-owned enterprise, and the Nanjing Radio Plant, and held a discussion with leaders of Nanjing City. Bo Yibo said: Reform is a historical process, and we still have a long way to go. New systems have not yet been perfected, so old ones are continuing to play their roles and must do so. This is something independent of man's will, and it is a stage we must go through. So we should not go after an excessively high growth rate during the Seventh 5-Year Plan because we should concentrate our energies on urban reforms. He hoped that everyone would keep carrying out reforms and accelerate the substitution of new systems for old ones.

XI ZHONGXUN AT MONUMENT TO SOONG CHING LING

OW291619 Beijing XINHUA in English 1522 GMT 29 May 86

[Text] Shanghai, May 29 (XINHUA) -- A monument to Soong Ching Ling, China's late honorary president, was unveiled here today in the cemetery named after her. On the front side of the granite monument, 3.3 meters in height and five meters in width, is carved the dedication by the Chinese senior leader Deng Xiaoping: "Eternal glory to Comrade Soong Ching Ling, a great patriotic, democratic, internationalist and communist fighter". On the back is a short biography. The monument was dedicated at a ceremony organized by the Communist Party Central Committee, the Standing Committee of the National People's Congress (NPC), the State Council, and the National Committee of the Chinese People's Political Consultative Conference (CPPCC). Xi Zhongxun, a member of the Political Bureau of the party Central Committee, unveiled the monument. Among more than 300 people attending the ceremony were Chu Tunan, vice-chairman of the NPC Standing Committee, State Councillor Wang Bingqian, and Lei Jieqiong, vice-chairwoman of the CPPCC National Committee.

GUANGDONG SECRETARY DISCUSSES PARTY STYLE IMPROVEMENTS

HK091301 Guangzhou NANFANG RIBAO in Chinese 8 Jun 86 pp 1, 2

["Excerpts" of speech delivered by Comrade Lin Ruo on 9 March at the Provincial Discipline Inspection Work Conference: "The Whole Party Should Act To Bring About a Basic Turn for the Better in Party Style"]

[Text] I. A Basic Assessment of the Current Situation

Since carrying out party rectification at prefectural (city) and county level CPC committees, party style has been greatly improved in the province just as in the whole country. First, CPC committees at all levels have straightened out their guiding thought on their professional work, on economic work in particular. They have no longer been keen on the so-called "getting rich by developing trade," but have developed production in a down-to-earth manner, such as grasping industrial and agricultural production, transforming old enterprises, and developing productive forces. Through party rectification, the ideological line of seeking truth from facts has been further developed, and inner-party democratic life has been carried out still better. Second, the province has basically halted several bad practices, such as party and government organs doing business, illegally buying and selling foreign exchange to make profits; reselling vehicles without authorization to make profits; arbitrarily increasing prices, imposing fines and collecting fees; accepting "red pocket" money; and issuing money and goods without authorization. Third, the province has dealt with some important and major cases, punished a number of serious economic criminals, and educated the vast number of cadres. Fourth, the province has strengthened education in party spirit, party style, and party discipline, and strengthened the building of spiritual civilization. As a result, many advanced units and individuals have emerged. The model deeds of Li Guoqiao of the Malaria Research Institute under the Guangzhou Traditional Chinese Medical Science College, of the Guangzhou City Public Health Treatment Plant, and of Guangzhou's Nanhuaxi Street have widely spread. The improvement of party style has brought about the improvement of general social mood, ensured the smooth progress of reform, opening the outside world, and the four modernization drive in the province. In short, the main trend of party style in the province is good, and party style is improving with each passing day.

However, we must also see that quite a few problems still exist in party style at present, and some bad practices have been curbed temporarily. Some cadres have not solved their ideological problems and are waiting for an opportunity. They will again engage in bad practices some time in the future when people relax their efforts in straightening out bad practices. A recent phenomenon which merits our attention is that, in addition to the old problems investigated and dealt with, some new problems have arisen. One is building private houses in violation of law. In some localities, people have requisitioned large areas of land to build houses for individual cadres. Some have built high-class houses by taking advantage of their power and position and the houses are better and better in quality. Second, some localities and units still neglect political and ideological work and have lax discipline. Worse, some party organizations fail to deal with party affairs. We must have a clear understanding of all these.

In accordance with the present situation in party style, we can draw two conclusions: 1. Provided that CPC committees at all levels in the province resolutely and perseveringly grasp party style, it is possible to bring about a basic turn for the better in party style. This is of course not an easy job and must be achieved through hard work and with continuous efforts.

2. Some bad practices may exist under the current social conditions of opening up to the outside world and carrying out reforms, but this is not terrible. The problem is that we must not let the bad practices become popular. If the bad practices become popular, they will corrupt a number of cadres, or even some party organizations. Therefore, to prevent the bad practices from becoming popular, we must often, repeatedly, and perseveringly improve party style. We must not abandon opening up to the outside world and reforms merely because of the bad practices. We must not give up eating for fear of choking.

II. The Key To the Whole Party Grasping Party Style Lies in Leadership

It is absolutely correct for the CPC Central Committee to call on the whole party to grasp improvement of party style. Without the whole party grasping improvement of party style, it is impossible to improve party style. The key to the whole party grasping party style lies in CPC committees at all levels. Only when CPC committees at all levels go into action and earnestly implement various instructions of the CPC Central Committee is it possible to improve party style. Therefore, the key to the whole party grasping party style is that leading groups at all levels must grasp party style. The CPC Central Committee has earnestly grasped improvement of party style. CPC committees at provincial, prefectural (city), and county levels must also learn from the CPC Central Committee by first improving party style in leading organs. The provincial CPC Committee has decided to grasp improvement of party style first in provincial organs.

Why do some leading groups dare not grasp party style? Because a handful of leaders have engaged in bad practices so they dare not deal with others' bad practices. If they have not straightened out their bad practices, they cannot effectively deal with others' practices. Moreover, some leading group members have not solved problems of ideological understanding and have some confused ideas.

(1) They have a poor understanding of grasping the building of two civilizations simultaneously. They always believe that the building of material civilization and professional work is more important than the building of spiritual civilization and ideological and political work. Some people believe that as long as production is grasped and developed well, everything will be all right. Of course, economic work is the central task which we must firmly grasp. But, in grasping economic work, we must first understand the direction and policies. Without this, we will lose our direction. For this reason, the 12th CPC National Congress stressed that the building of two civilizations must be grasped simultaneously, and neither of the two should be dispensed with. In 1982 the provincial CPC committee put forth the two resolutely, namely, resolutely adhere to the policy of opening up to the outside world and enlivening the economy, and resolutely hit hard at serious economic crimes. Grasping professional work and ideological and political work cannot be separated. Without ideological and political work, professional work will have no essence and cannot be guaranteed. We must grasp both in building socialism with Chinese characteristics. If we fail to do so, there will be no socialist modernization. Some of our comrades have a poor understanding of this problem, so they often neglect the building of spiritual civilization and education in party style and party discipline. This must be corrected.

(2) They believe that enforcing discipline will do harm to enlivening the economy. Some people believe that "pure party style results in no money in pocket." Setting the enforcement of discipline against the enlivening of the economy, they believe that to enliven the economy, discipline must be relaxed.

In fact, the so-called "enlivening the economy" without enforcing discipline is actually disrupting the economy. Why is smuggling and selling smuggled goods so serious in some areas? Why were so many cars imported and resold in some areas? Because discipline was lax there. Some people unscrupulously and vigorously engaged in these activities. Was this enlivening the economy? Illegally reselling import permits to make profits, illegally buying and reselling foreign exchange to make profits, and "developing trade to become rich," all these were enlivening the economy in appearance, but disrupting and undermining the economy in essence. Some of our comrades, on seeing that some units and areas have earned money, believe that the economy has been enlivened and income has increased, and fail to see the heavy losses inflicted on the state. So they fail to enforce discipline and turn many big discipline cases into small ones, and small cases into nothing. They fail to criticize, educate, and deal with cases in violation of discipline and law, resulting in more problems and more serious harm. Turning big cases into small ones and small cases into nothing is very harmful. Practice has proved that only by enforcing discipline and only with a contingent of party cadres armed with iron discipline, is it possible to lead a powerful army and organize the broad masses in enlivening the economy and building socialist modernization effectively.

(3) They fear that punishing cadres who violated law and discipline would dampen cadres' enthusiasm, they turn big cases into small ones and small cases into nothing and fail to criticize, educate, and deal with cases in violation of discipline and law, resulting in more problems and more serious harm. Turning big cases into small ones and small cases into nothing is not protecting but harming cadres. Of course, we must also realize that in the course of opening up to the outside world and carrying out reforms, mistakes are unavoidable in our work due to our lack of experience. Therefore, once problems arise, we must make concrete analysis, and distinguish between problems of a different nature. As for the mistakes which we made due to our lack of experience and our failure of being taken in by others, we must correct the mistakes by summing up experience, and must not punish cadres rashly. Otherwise, people will become overcautious and dare not carry out work boldly.

(4) They have the idea of "setting the limit of not pocketing money," believing that they can do anything except pocket money. This idea urges people to make mistakes. Of course, whether or not one has pocketed money, it is an important factor we must pay attention to in dealing with cases. But, as Communist Party members, and party member cadres in particular, our ideological level should not stay at the level of not pocketing money and not taking bribes. We must correctly implement the party's policies and execute party discipline. Therefore, we must not advocate the idea of "setting a limit of not pocketing money," because this idea actually urges some cadres to conduct illegalities. Approving of this idea would encourage some people to treat policies as a trifling matter; disregard discipline and organization; develop their selfish departmentalism; turn the interest of large collectives into that of their small collectives; and serve the interests of their small groups without consideration of the losses inflicted on the state. Some people failed to criticize and educate cadres who made mistakes, just because they believed the cadres did not pocket money. This idea has "relaxed" discipline and caused much harm.

The above problems about ideological understanding must be seriously resolved. Only thus, can cadres, leading cadres at all levels in particular, surmount all kinds of obstacles and resolutely enforce party discipline.

III. Administering the Party Rigorously Is the Basic Guarantee for Straightening Out Party Style and Winning New Victories in Economic Construction

In what fields should the party be administered rigorously? Rigorously means that all party members must implement party regulations and execute the party constitution, serve the people wholeheartedly, seek no private interests, and act in strict accordance with party regulations and the party constitution. To become a genuine Communist Party member, one must join the party not only organizationally, but also ideologically. Party cadres must not think of themselves as special and act as "special party members." Comrade Peng Zhen said that everyone is equal before the party constitution. Leading cadres cannot refuse to execute the party Constitution merely because they are leading cadres. If we communists violate the regulations on the party constitution, deviate from the party's principles and objectives, we are unqualified to be Communist Party members. This is a very serious problem, which all leading cadres must answer with their actions.

Advocating to administer the party rigorously does not mean advocating "ruthless struggle and merciless blows," on the previous "leftist" acts. Nor does it mean that we want to punish a great number of cadres. The important thing is to educate party members promptly. When party members make mistakes, we must promptly educate them. Of course, those who should be punished must be punished promptly. Punishing a party member is to educate him. Punishing one person and educating many is for "learning from past mistakes to avoid future ones." Meanwhile, we do not advocate the approach of completely negating those cadres who made mistakes. As long as the cadres who make mistakes, including serious mistakes, seriously understand and correct their mistakes, we must unite with them and let them work properly. If the cadres who made mistakes can draw a lesson from their mistakes, and "make gains from their mistakes," they will have "immunity" and can work better in the future.

Administering the party rigorously also means seriously carrying out inner party criticism and self-criticism. At present, some party organizations fail to deal with some mistakes and unhealthy tendencies, dare not carry out criticism and self-criticism, and cannot air their views. They dare not offend others and they avoid contradictions. This cannot effectively and promptly remove dust from the body of the party. One of our party's three work styles is to carry out criticism and self-criticism, which is an important mark distinguishing our party from political parties of the bourgeoisie. I advocate that, in the future, when dealing with cadres who made mistakes, we must carry out criticism and self-criticism face to face, carry out active inner-party ideological struggle, and rely on the strength of party organizations to help comrades who made mistakes realize and correct their mistakes. We must not avoid contradictions. Of course, in carrying out criticism, we must seek truth from facts, present facts and reason things out, and must not believe in rumors and exaggerate facts. Those criticizing others must adopt an attitude of helping those criticized, and allow those criticized to argue their cases. Only thus, can inner-party life become normal.

IV. To Bring About a Basic Turn for the Better in Party Style, We Must in a Timely Way Deal With Bad People and Things on the One Hand, and Commend Good People and Things on the Other

On the one hand, we must seriously investigate and deal with important and major cases; on the other hand, we must commend, in a big way, good things and good people to create a typical antithesis. This means that we must show both good and bad examples.

The vivid comparison between good and bad examples can convincingly educate people, give them ideological inspiration, and raise their consciousness. We must be clear about right and wrong and about merits and demerits. Those who should be commended must be commended; those who should be criticized must be criticized; and those who should be punished must be punished. This will not only remove passive factors, but will also encourage people to make progress and promote marked improvement in both party style and general social mood.

Units of provincial organs recently held a meeting of more than 5,000 people at the Sun Yat-sen Memorial Hall, at which six advanced and model persons reported their deeds. With people who have ideals talking about ideals, the participating comrades were greatly inspired and encouraged, and many of them were moved to tears. The meeting produced a good effect just as the report meeting given by the PLA heroes report group did last time. The reports of these advanced and model persons repeatedly aroused warm applause from the participants. This also indicates that the vast majority of our party members and cadres admire advanced and model persons and their noble thinking, wish to make more contributions to the party's cause and socialism, and want to become people with ideals and noble moral integrity. That is why the speeches of advanced and model persons have aroused their sympathetic response. Since they were deeply moved by the deeds of the advanced people, we comrades should make a comparison and think what we have done and where we lag behind. A good example has boundless power. In the course of grasping improvement of party style, all areas and units must attach importance to and vigorously carry forward the advanced deeds of heroes and models.

HENAN RIBAO URGES LISTENING TO CRIES OF REFORMERS

HK120317 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 11 Jun 86

[Report on 12 June HENAN RIBAO commentary: "Seriously Listen to the Cries of Reformers"]

[Excerpts] By seriously listening to the cries of the reformers and doing more to find out what is going on in all fields, the leaders will have a scientific basis for their macroeconomic policymaking. Reform is a mass practice. Correct reform measures always come from the masses.

The current reform of the urban economic structure needs consolidating, digesting, replenishing, and perfecting. The people engaged in the practice of reform in various enterprises have the most right to talk about what needs replenishing and what needs perfecting. They know profoundly which unreasonable regulations are hampering the deepening of reform, and which kinds of improper administrative interference are tying up the enterprises. By listening to their cries, finding out their needs, and concentrating their wisdom, the leaders will be able to make correct policy decisions without missing the opportunity, and will thus be able to provide careful guidance and give the most tangible and effective support for reforms in the various departments and units.

The method of the Zhengzhou City CPC Committee in carrying out a review of the reforms should serve as reference for all localities. We believe that this action will create a relaxed environment for the reforms, and a new situation in which everyone is concerned for reform, supporting it, and engaging in it will emerge.

SICHUAN DEFENSE INDUSTRY BOOSTS CIVILIAN PRODUCTION

HK120616 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 11 Jun 86

[Excerpts] The defense industry units and the national defense scientific research organs in Sichuan have achieved initial success in developing production of civilian goods and transferring technology to local industry. The great majority of defense industry units in the province are now producing one or two civilian products. Over 3,000 defense industry scientists and technologists are helping a large number of medium, small, and township enterprises in carrying out 600 technical reforms or else providing technical consultative services. They have also completed the manufacture or modification of 3,000 key items of equipment for civilian industry. Apart from establishing 24 large and medium combines with several hundred local enterprises, each combine focusing on the manufacture of one product, the defense industries have also transferred some 1,000 items of applied technology, worth 250 million yuan, to society.

The Chongqing Jialing machinery plant started to produce Jialing motorcycles in combination with four other plants in 1980. Good advantage was taken of the Chongqing Jialing plant's strong points in technology and equipment, and its products sold well throughout the country. In 1983, the plant established technical cooperation ties with the Honda company of Japan. It was then able to produce a greater range of motorcycles with improved quality. These machines entered the international market. The combine now has 11 participating factories and also has cooperation relations with some 220 other enterprises in China. Last year it produced 250,000 motorcycles, 100 times more than in 1980. This has become China's largest motorcycle production base.

A provincial conference on speeding up the transfer of technology from the province's national defense industry to local industry concluded in Chengdu today. The meeting conveyed the instructions of Comrade Hu Yaobang on the development of Sichuan's defense industry delivered during his visit to Sichuan. The meeting proposed that it is essential to eliminate the influence of the small peasant economy mentality and change the situation of conservative thinking, satisfaction with the status quo, and lethargic work style, and thus truly enhance understanding of achieving a strategic shift in the defense industry.

BEIJING YOUTH FORUM DEBATES POLITICAL REFORM ISSUES

HK100850 Shanghai SHIJIE JINGJI DAOBAO in Chinese 26 May 86 pp 1, 2

[Report by reporter Chen Lebo from Beijing: "Youths of Beijing Academic Circles Discuss Political Reform"]

[Text] In the process of China's economic structural reform, which replaces individual policy with comprehensive and coordinated policies, people have raised new questions: Does economic structural reform require coordination with noneconomic policies? Is political reform also needed in order to promote the replacement of the economic system and to meet the requirements of new economic life?

Positive answers to these questions were given by a recent academic forum of youths on "China's Reform and Development of the Political System," which was convened in Beijing. In general, the forum held that China's economic structural reform would inevitably cause changes and development in the areas of politics, ideology and culture. We must not take a passive attitude, avoid this complicated and sensitive issue, or let things take their own course. Instead, we should strive to make progress and take the initiative in handling the matter. Otherwise, we shall miss the best opportunity developed by our economic development and economic structural reform, and we will not make irreversible social progress.

This forum mainly discussed issues about balancing the relations among political organizations; characteristics of political development stages; ways of coordinating relations between state laws and party policies, improving legislative efficiency, judicial and executive work, using ideological reform to promote continuous economic and political development, and so on. New opinions and constructive suggestions were proposed at the forum, and they were discussed by the participants in an in-depth manner.

-- In addition to the traditional realm, our present theoretical study of politics should conform to the practical needs of the current economic structural reform and social life. We should analyze and explore the areas of engineering, technology, operations and working out measures for dealing with problems.

-- Undoubtedly, to fully protect socialist democracy is one of China's major aims in reforming the political system. At the same time, we should also realize that being a developing country in which the level of economic development is not high, China's only way to narrow the economic gap with developed countries is to ensure capability of centralizing and managing resources and improving management skills. We must give full consideration to this basic fact when studying political system reform.

-- "Democracy" and "centralization" are not contradictory. The opposite of "democracy" is "dictatorship" and that of "centralization" is "decentralization." By using democracy to oppose the unscientific dictatorship and arbitrary acts, we can effectively avoid decentralization and therefore centralize our strength for carrying out key construction and development. This is also our goal in reforming the political system.

-- The current lateral ties among enterprises may become a key linking reform of the political system to that of economic structure.

The equal competition conditions required for promoting lateral ties among enterprises, the environment of equal competition, effective legislative and judicial power, as well as the corresponding and new limitations of authority and duty, can only be perfected by relying on the corresponding reform of the political system.

The participants unanimously held: The issue of the political system is highly sensitive. Problems concerning the issue can be studied and discussed, provided that we use scientific proof. Our current study of politics, as well as the development of economics and other sciences, falls behind the needs of real life. Under these circumstances, it is very important for China's present and future that we strengthen our study of political theory and the training of qualified personnel.

This academic forum of youths on "China's Reform and Development of the Political System" was jointly held by the publishing house of ZHONGGUO SHEHUI KEXUE [CHINA SOCIAL SCIENCES], the social science forum of youths under the Chinese Academy of Social Sciences and the editorial department of the ZHENGZHIXUE YANJIU [POLITICAL STUDIES].

COMMENTATOR'S ARTICLE STRESSES CRITICISM, SELF-CRITICISM

HK120507 Taiyuan SHANXI RIBAO in Chinese 31 May 86 p 1

[Commentator's article: "Properly Master the Weapon of Criticism and Self-Criticism -- Second Comments on Correctly Viewing and Handling Contradictions Within the Party"]

[Text] Criticism and self-criticism is a fine tradition of our party and is also the basic way and correct method for resolving contradictions within the party.

Why can criticism and self-criticism not be conducted in certain units now? The main reason is that certain comrades harbor misgivings. Some confuse normal criticism in the party with "clubbing people" and "punishing people," and are afraid of repeating "leftist" mistakes. Some are swayed by considerations of gain or loss; they are afraid that by criticizing people at their own level they will be "disrupting harmony" and "affecting relations"; that by criticizing the leadership they will be made to "wear tight shoes" and suffer revenge attacks; that they will "lose prestige" and be unable to work properly if they accept criticism; and that by conducting self-criticism they will "lose face" and others will have incorrect views of them. Hence, people feel that it is better to keep things quietly moving along than to stir up trouble, and continue believing that everyone is doing well. In this way, criticism and self-criticism cannot unfold.

We have abandoned "leftist" errors, corrected the excessive struggles waged in the past, and persevere in not attacking people, sticking labels on them, or pulling them by the pigtailed. This aims at creating a good political atmosphere for resolving contradictions within the party. To make criticism and self-criticism correctly unfold, the aim is not to weaken or discard this sharp weapon. The criticism we speak of means proceeding from the desire for unity and setting out the facts and reasoning to help those comrades with shortcomings and errors to enhance their understanding, distinguish between right and wrong, learn from experiences and lessons, and work still better for the party. In adhering to principles and conducting criticism of comrades with shortcomings and errors, we are being responsible not only to the revolutionary cause but also to our own comrades.

It is a true expression of cherishing comrades and being concerned for cadres. When someone makes a mistake, if he can gain the help of the party organization and his comrades, he will thank those around him as soon as he wakes up to reality. This kind of comradely affection and relationship, built on the foundation of the party's principles, is much more precious and enduring than the vulgar practice of "keeping on the right side of everyone" and relationships built on the foundation of "the study of cultivating relationships."

Our party has always had a rule, and this is stated even more clearly in the party Constitution, that criticism and self-criticism is an obligation and duty of every party member. As far as the leaders at all levels are concerned, they should open up the channels to create an excellent democratic atmosphere and allow the masses to speak out boldly and truthfully. If the leaders do this, it can only show that they are broad-minded and have lofty qualities and unusual tolerance, and that they truly trust the masses and rely on them. Why then should there be any talk of "losing prestige" or "affecting work"?

As far as the lower levels are concerned, they too should have the spirit of being responsible to the party and carry out truth-seeking criticism of mistakes in the work of the leading comrades. We should believe that the party's leading cadres at all levels are able to take criticism and are willing to make friends with comrades who speak out boldly and bluntly. Leaders who reject criticism and like to make others "wear tight shoes" are very few in number and cannot last long. It is almost inevitable that shortcomings and mistakes will occur in the work of every comrade. By sincerely conducting criticism and self-criticism of shortcomings and errors, one can only grow up faster, and such action can only show that one has relatively good political self-cultivation and sound party spirit. Why should there be any question of loss of face?

In launching criticism and self-criticism, we must integrate severity with science and apply correct methods. We have created a number of relatively good experiences in this respect over the long period of revolutionary struggle and in party rectification in recent years. We must persevere in two points in these experiences: 1) We must take the attitude of aiming at helping those criticized. This means that we must proceed from the desire for unity and uphold the principle of curing the sickness to save the patient. 2) We must uphold the principle of seeking truth from facts, respect the truth, and be particular about a sense of propriety. The facts should be dealt with as they are, and people should not be forced to admit things that have not yet been clarified. Problems that cannot be figured out for the time being can wait for later solution.

Comrade Deng Xiaoping pointed out at the 2d Plenary Session of the 12th CPC Central Committee: "Through party rectification, we should enable the regular unfolding of criticism and self-criticism in the party." In a certain sense, the current party rectification is a relatively concentrated period of criticism and self-criticism to solve various contradictions within the party. All kinds of new contradictions will continually arise within the party after rectification. Through unfolding criticism and self-criticism, we must launch active ideological struggle in the party, and strengthen party unity and promote the party's cause through resolving the contradictions within the party.

TAIWAN ARMED FORCES COMPLETE 2-DAY COMBAT MANEUVERS

HK121516 Hong Kong AFP in English 1504 GMT 12 Jun 86

[Text] Taipei, June 12 (AFP) -- Taiwan's Armed Forces demonstrated their combat readiness in two days of maneuvers that ended Thursday.

Several thousand people from the military, Navy and Air Forces were mobilized in simulated battle along the eastern coast near Yilang under supervision of General Hau Pei-tsun, chief of the General Staff, in the "Han Kuang Number Three" exercises.

Wednesday, destroyers and gun boats backed with home-made missiles and Air Force F-5 E combat jets and other aircraft deterred the "enemy" from landing. The F-5 E's are the mainstay of Taiwan's Air Force.

Thursday the Navy made a successful landing on the "enemy" coast after the Marine Corps broke through their line.

The Defense Ministry in a statement said the maneuvers were "to demonstrate the capabilities, power, and precision of weapons, and training and tactics of the Armed Forces."

The exercises were witnessed by commanders-in-chief of the military forces as well as some 60 local and foreign journalists.

COMMENTARY VIEWS U.S. PRO-DEMOCRACY STANCE IN ASIA

OW110835 Taipei International Service in English 0200 GMT 11 Jun 86

[Station commentary]

[Text] A ranking official of the U.S. State Department said recently that the United States will maintain its prerogative to work with state governing officials and reformists to preserve the democratic institutions and processes of Asian-Pacific nations. Gaston Sigur, assistant secretary of state for East Asian and Pacific affairs [title as heard], also said that the U.S. cannot afford to send a wrong signal to political opposition groups that may seek, accurately or not, to exploit the role of the U.S. in the area for their purpose.

As leader of the free world, the United States has adopted interests in promoting democracy in allied countries because the triumph of freedom is the best deterrent against communist aggression. However, American leaders should have a clear understanding of the situation in the variety of countries the U.S. is allied with. While the free world as a whole faces the threat of communist aggression, the threat is greater to some countries in East Asia. The Republic of China [ROC] on Taiwan and South Korea, the former in particular, have greater reason to fear communist subversion and overt aggression from the communists. The sheer necessity to survive makes it impossible for these countries to uphold democratic rule without taking some special precautions.

Hence, it would be wrong to judge the rule of democracy in Taiwan and South Korea by American standards. For example, it would be perfectly all right for some countries in the West to regard the communist party just as another political party.

It would be suicidal for the ROC or South Korea to do so. Nor can the two countries afford to allow no-holds-barred freedom of speech. To do so would only give the communist enemy an opening to destroy them from within.

That's why both Taipei and Seoul have taken certain steps to assure the safety of the ship of state. The men of these states have affected a fundamental freedom and the rights of the people. Take the so-called martial law in Taiwan for example: It is a misnomer; excepting cases involving treason, the law was never applied. The fact that over 70 percent of the people in free China are not even aware of its existence proves the point.

The Republic of China is not only far different from the Philippines under Marcos, it is not entirely similar with South Korea either. For instance, there is a strong opposition in South Korea, and a large segment of its population are calling for change. In Taiwan, the overwhelming majority of the people are solidly behind the government. This is not surprising because most of the people consider themselves middle class. The people in Taiwan want their government to scale greater heights, but they do not want revolution or other drastic measures that will undermine political stability, which would put an end to economic prosperity and open the door to communist subversion.

Therefore, it would be outrageous for anyone to liken the Republic of China to the Philippines. While Washington was fully justified to give the opposition moral support in toppling the corrupt Marcos regime, it would be a tragic mistake for American leaders to try to destabilize the Republic of China.

ECONOMICS MINISTRY DISCUSSES HI-TECH INVESTMENT AIMS

OW120305 Taipei CNA in English 0240 GMT 12 Jun 86

[Text] Taipei, June 11 (CNA) -- A ranking official with the Economics Ministry suggested Wednesday that the government use the nation's foreign exchange reserves to invest in or purchase the high technology research institutes in the United States.

Vice Economics Minister Wang Chien-hsuan said that many Overseas Chinese scholars proposed to him during his trip to the U.S. recently that making investment in our buying American research institutes will help smooth hi-tech transference to this nation.

Wang said that South Korea is aggressively moving towards introducing hi-tech from the U.S. by buying several research companies in Silicon Valley, California.

Wang also urged domestic enterprises to accelerate their research and development. He said that since the nation's industries have gradually lost "price superiority," research and development will be key to their survival in the future competition.

TA KUNG PAO NOTES FLURRY OF DOUBLE HUNDRED ARTICLES

HK121318 Hong Kong TA KUNG PAO in English 12 Jun 86 p 2

["The Past Week" column]

[Text] Thirty Years After

On the 30th anniversary of the enunciation of the principle of "letting a hundred flowers bloom and a hundred schools [of thought] contend", an article published in the PEOPLE'S DAILY by Lu Dingyi kicked off a series of contending articles which has lasted about a month now and, it seems, has yet to see the end of it. It is interesting to note that in this present spate of discussion, the principle of "letting hundred schools [of thought] contend" has itself become the centre of a rather heated, though obviously very healthy, contention. Healthy, for all the participants have been doing their best to lay down facts and reason things out.

One of the questions under contention is the scope of the application of this principle the name of which has now been shortened to "double-hundred principle" (D-HP).

In his article, Lu, whose name has been linked with the development of this principle, is of the opinion that D-HP aims at "helping science and art to flourish". Citing what he believes to have led to the disastrous anti-rightist movement and the even much more disastrous Cultural Revolution, Lu argues that this principle should not apply to political struggles.

To fault the "double-hundred principle" for the excesses in the two campaigns is, to say the least, questionable. The excesses and the chaotic situation in both cases are precisely the result of the total domination by one accusing voice. The accused could only plead guilty and recant.

Whether D-HP should be applied also to academic discussions and political decisions has thus become one of the centres of contention.

"Double-Hundred Principle" and Politics

In an article published in the PEOPLE'S DAILY, Yu Guangyuan points out that D-HP is the antithesis to dogmatism and sectarianism, and its abolition was a temporary victory for the "Leftist" counter-attack amounted against it.

Yu went on to lament that, if this principle, advanced in 1956, had been allowed to persist, what high level could have been attained in science and art in China, he asks? And politically, would we have to experience the oppressive and painful period which we had?

At a forum on "hundred schools contending" attended by Zhu Houze, the head of the party Propaganda Department, someone stressed that, today, the academic contention between Marxism and non-Marxist thinking should be argued as an academic question, and that in the realm of academic studies Marxism should not rule over the others.

At the forum, it was also pointed out that: -- In the spirit of the principle of "letting a hundred schools contend", "political questions" should also come under discussion. And so should the current policies and laws.

-- Different opinions should be allowed on such academic topics as human nature and alienation.

-- If you want to develop Marxism, you have to break through some of the Marxist ideas which are now dated. Without such breakthroughs, Marxism would lose its vitality.

Writing in the PEOPLE'S DAILY, Yu Haocheng points out that, in social sciences, especially political science, science of law, sociology, scientific socialism, one can hardly draw a line of demarcation between the academic question and political question. If this line of demarcation is to be maintained, then political science would have to go, Yu says.

Yu concludes: With the exception of what is clearly stipulated in the Criminal Law, such as counter-revolutionary sedition, the leakage of state secrets and libel, all opinions and views, including literary creative works and academic works, should enjoy legal protection as long as they do not violate the Constitution and the law. Every citizen enjoys the democratic rights of freedom of creation and freedom of academic study. He also enjoys the democratic rights of freedom and criticism as well as freedom of counter-criticism. Should different views or opinions arise, the differences can be resolved through democratic discussion and not through coercion, much less organizational reprisal.

Literary Criticism

On the question of literary criticism, Wang Meng, the celebrated writer and minister designate of cultural affairs told a PEOPLE'S DAILY reporter:

The blooming of a hundred flowers is bound to give rise to criticism. Literary criticism is actually a normal phenomenon . . . There have been very abnormal criticisms in China. No writer will welcome such criticism, if he has not violated the law.

Wang Meng also expressed three hopes:

The normalization of literary criticism (different from the sort of criticism during the anti-rightist period and Cultural Revolution).

The normalization of the attitude of writers and artists towards criticism.

The normalization of the reportings made by foreign friends and correspondents on the situation of literary criticism in China -- "Please don't over-react!"

"Bourgeois Liberalization"

Writing about the principle of "hundreds schools contending", Professor Chen Daisun raises questions in his article in the PEOPLE'S DAILY on the term "bourgeois liberalization". Because the term has not yet been well defined, the chance of its being used as a label on all discussions on economic questions is great, Chen writes. If it remains undefined, it will hang over the heads of academicians as a sword of Damocles. This he says, will have harmful effects on economic studies in theory and practice.

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He concludes: Truth can only be better understood through debates. In the realm of ideology, we should be confident that truth will overcome fallacies in the end, and contention is precisely a way which guarantees the victory of truth. All oppressive measures are really an expression of weakness which can only be a symptom of neurasthenia.

YU QIULI IDENTIFIES PLA PROBLEMS AT POLITICAL WORK FORUM

HK120912 Hong Kong MING PAO in Chinese 12 Jun 86 p 7

["Special dispatch from Beijing:" "In a Speech at a Forum on Political Work, Yu Qiuli Points Out There Are Many Hangers-on of New Army Officials, in Pursuit of Private Interests and for Cultivation of Relationships"]

[Text] In the course of streamlining administration and reorganization, the PLA has promoted some young officials to the leading posts at various levels. The houses of these young officials are often as crowded as a marketplace, because many people keep coming to see them in order to cultivate relationships with them and to get something done through the back door. In his concluding speech delivered on 5 June at the forum on political work of the Army, Yu Qiuli, director of the PLA General Political Department, required that young and middle-aged Army officials in leading posts at various levels should cultivate a good work style, and follow the four requirements put forth by Chairman Deng Xiaoping of the Central Military Commission: to serve the people wholeheartedly and go deep among the masses to listen attentively to their views; to dare to speak the truth, oppose falsehood, seek no undeserved reputation, and do more concrete work; to draw a clear line of demarcation between public and private and never barter away principles; and to appoint people on their merits while opposing the practices of appointing people by favoritism.

This demand was made after analyzing the current situation of the leading bodies at various levels. Yu Qiuli said: We must pay attention to the following phenomenon: after some young and middle-aged Army officials were promoted to the leading posts at various levels, their houses were soon thronged with visitors. Many relatives and friends, as well as old colleagues and comrades-in-arms came to see them, hoping to benefit from their promotion."

He pointed out: To deal with this kind of problem will become a severe test for the young and middle-aged Army officials who have been promoted to the leading posts at various levels.

The Forum on Political Work of the Army was held in Hangzhou from 1 to 5 June. The participants listened to the reports of four group armies on the situation of rectifying the party style and strengthening army building.

Yu Qiuli spoke highly of the good style of a certain group army of the Beijing military area, which "would rather expose a number of problems and be criticized than cover up the problems in order to get praise." He said: The young and middle-aged officials in the new leading bodies have a strong desire to do their work better and have a high sense of honor. They wish to promote their work and make achievements as quickly as possible. However, they should pay attention to preventing falsehood and not do things perfunctorily. They should make real achievements through great efforts.

He emphasized that it is still necessary to advocate the style of hard struggle today. Military officials, especially leading military officials should be the first to bear hardships and the last to enjoy comfort. They should not be afraid of hardship and suffering losses and should not be preoccupied with their personal interests.

According to reports at the forum, the situation shows that over the past few years, work at the grass-roots levels, which is a weak link, has been improved. But quite a few units have still not adopted effective measures to strengthen the building at this level. They have talked much but done very little.

Yu Qiuli required that the leading organs find more channels to train political instructors for PLA companies. He listed some effective methods for this training, such as short-term training, attending meetings, guiding higher authorities, combining military training with political training, the demonstration of typical examples, and study through correspondence courses. In the future, company officials should not be loaned to the organs, but when they are not in the company, it is necessary to transfer officials in the organs as far as possible to replace them in the company.

PRC HOSPITALS OFFER HONG KONG WOMEN CHEAP ABORTIONS

HK100818 Hong Kong SOUTH CHINA MORNING POST in English 9 Jun 86 pp 1, 2

["Exclusive" report by Ophelia Suen]

[Excerpts] Young Hong Kong women are heading across the border in increasing numbers to take advantage of cheap, no-questions-asked abortion services. They are also taking advantage of the fact that the Chinese doctors perform these simple operations with no regard to how advanced the pregnancy is or how old the patient is.

The leading abortion centre is the Shenzhen People's Hospital which routinely carries out terminations even in the ninth month of pregnancy, and on women as young as 13 or 14. Fetuses close to full term are effectively killed in the womb by a drug injected into the amniotic fluid (which surrounds the fetus in the womb) before labour is induced and the fetus expelled. The drug has no effect on the mother.

On a busy day -- such as weekends and holidays -- more than 100 Hong Kong women are crossing the border for abortions. As charges range from \$350 to \$700, it is proving a lucrative source of foreign exchange for the special economic zone.

At present, at least eight hospitals and clinics across the border offer abortions. Competition is intense because in addition to abortion "agents" scouting for business in Hong Kong, taxi drivers in the special economic zone are also given a tip for taking clients to certain clinics. Some doctors even supply taxi drivers with their business cards. Taxi drivers play an important role because Hong Kong women are beginning to avoid abortion agencies operating in Hong Kong and are making their way across the border on their own instead. Taxi drivers said they were paid as much as \$100 for taking clients to certain clinics.

A doctor at the Shenzhen People's Hospital said abortions have their "peak" seasons. A large number of young women are expected to cross the border during the summer holiday.

Dr Chan Ayshian, head of the hospital's gynaecology and obstetrics department, said from the economic angle, abortion has generated foreign currency for Shenzhen.

Her hospital, by far the largest in the town, has a new six-story abortion clinic within 15 minutes' walk of the railway station. Dr Chan estimated that 50 percent of the abortions on Hong Kong women in Shenzhen were performed in either her hospital or the new clinic. The clinic sometimes handles more than 40 abortions a day.

The hospital handles the termination of more advanced pregnancies -- from 100 days to the ninth month. From four to more than 10 late-term abortions are performed each day.

The clinic has two operating rooms and about eight beds where women can rest after the operation. The hospital has three operating rooms for abortions and a nine-bed ward.

Early abortions are usually by the suction of forceps method and do not involve an overnight stay. Women who are 80 to 100 days pregnant must stay overnight. This costs \$500 excluding hospital charges, which vary according to the type of room a patient wants. One to three days must be spent in hospital for abortions from 100 days to the ninth month, which require closer post-operative supervision. The medical charge is about \$700.

Dr Chan said: "A lot of Hong Kong women prefer this type of operation, saying that it is more comfortable." A drug, which Dr Chan refused to name, is injected into the amniotic fluid. The baby usually dies within 48 to 72 hours.

Girls at young ages as 13 or 14 have gone to Shenzhen for abortions, sometimes accompanied by their boy friends. Married women of over 40 also go to "get rid of" accidental pregnancy. "Many clients have become old friends as they come very often," Dr Chan said, adding that some go to their own doctors too.

However, Dr Chan admitted that sometimes there were complications, such as fever, infection and excessive bleeding. "That's why we need to have the clients' home telephones in case we need to contact their families," she said, but declined to give details of such cases.

She also declined to shed light on the hospital's relationship with agencies in Hong Kong, saying this was a business secret. "They introduce to us clients and they handle the transportation," she said.

Dr Chan said as many as 70 percent of their clients were from Hong Kong, most aged from 17 to 23. "We don't care if the clients are married or not," she said. "China's policy is for control and decrease of population. They (the clients) themselves want to have the operations, and as it can be illegal, risky and very expensive in Hong Kong -- over \$1,000 -- they come here."

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